

Digitized by the Internet Archive
in 2012 with funding from
University of Guelph, University of Windsor, York University and University of Toronto Libraries

BUDGET ADDRESS

DELIVERED BY

HONOURABLE LESLIE M. FROST

Treasurer of the Province of Ontario

in the

LEGISLATIVE ASSEMBLY OF ONTARIO

TUESDAY, MARCH 6TH, 1951

ON MOVING THE HOUSE INTO COMMITTEE OF SUPPLY

Also Statements of
ECONOMIC, FINANCIAL AND STATISTICAL
INFORMATION



ONTARIO

TORONTO

Printed and Published by Baptist Johnston, Printer to the King's Most Excellent Majesty
1951

BUDGET ADDRESS

DELIVERED BY

HONOURABLE LESLIE M. FROST

Treasurer of the Province of Ontario

in the

LEGISLATIVE ASSEMBLY OF ONTARIO

TUESDAY, MARCH 6TH, 1951

ON MOVING THE HOUSE INTO COMMITTEE OF SUPPLY

Also Statements of

**ECONOMIC, FINANCIAL AND STATISTICAL
INFORMATION**



ONTARIO

TORONTO

Printed and Published by Baptist Johnstone, Printer to the King's Most Excellent Majesty
1951

TABLE OF CONTENTS

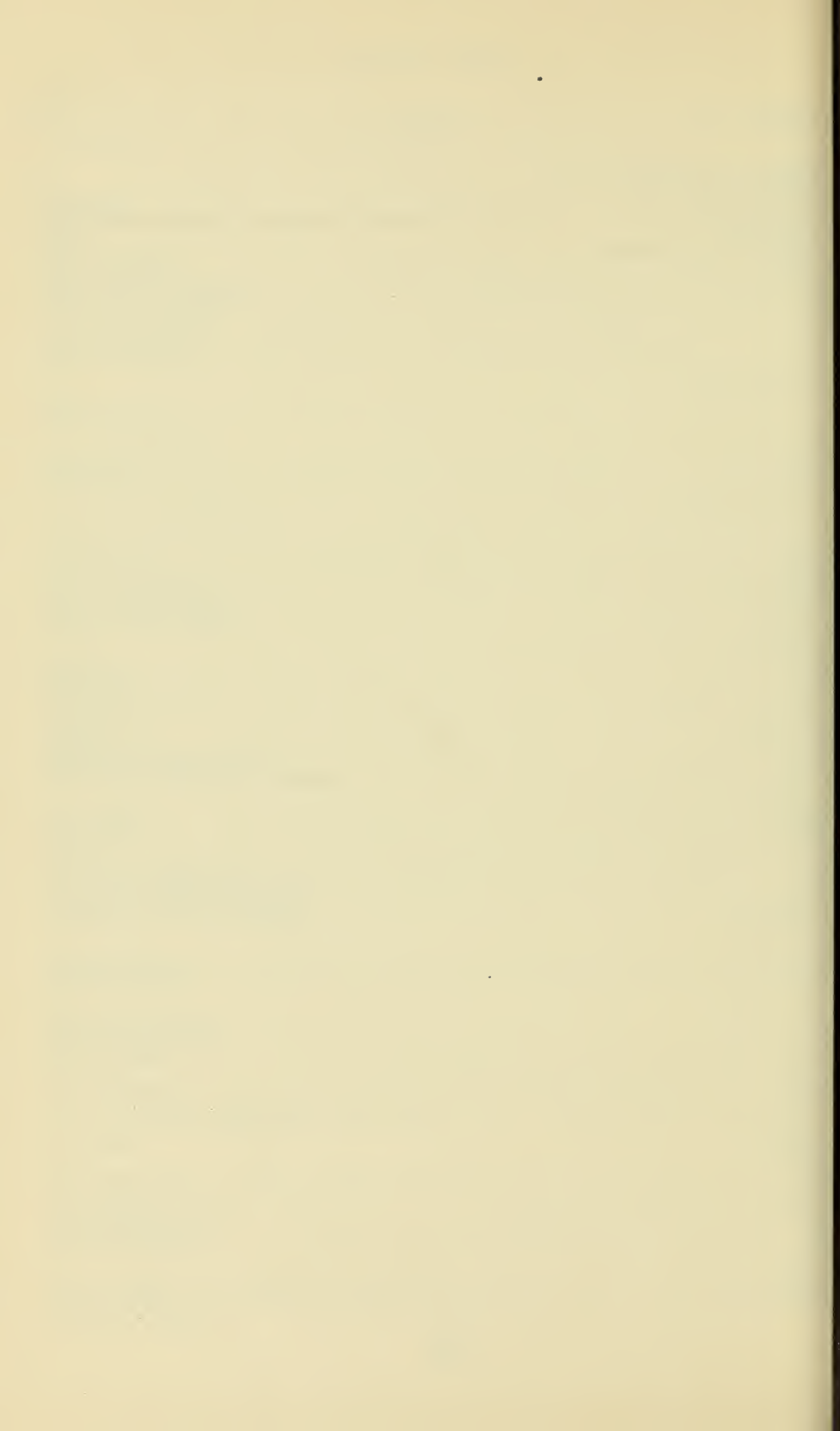
Subject	PAGE
Form of Budget.....	5-6
Effects of Inflation on Provincial and Municipal Budgets.....	6-10
Effects of Inflation on Province's Revenues.....	7-8
Tax Co-operation with Federal Government.....	8-9
General Effects of Inflation.....	9
Influence of Province and Municipalities on General Price Level.....	9-10
Review of Current Conditions and Operations.....	10-22
Economic Conditions.....	10
Federal-Provincial Relations.....	11-12
Housing.....	12
Hydro-Electric Power Commission.....	13
Expenditure and Revenue.....	13
Interim Statement—Ordinary Revenue, Fiscal Year 1950-51.....	14
Interim Statement—Ordinary Expenditure, Fiscal Year 1950-51.....	15
Interim Statement of Surplus, Fiscal Year 1950-51.....	15
Surplus Account.....	16-17
Summary of Surplus—Fiscal Years 1948 to 1951.....	17
Interim Statement—Capital Receipts, Fiscal Year 1950-51.....	17
Interim Statement—Capital Payments, Fiscal Year 1950-51.....	18
Provincial Debt and Investment in Resources.....	18-19
Gross Debt, March 31, 1951.....	20
Net Debt, March 31, 1951.....	20
Funded Debt, March 31, 1951.....	21
Contingent Liabilities, March 31, 1951.....	22
Ways and Means.....	23-28
Highways.....	23
Natural Resources.....	23-24
Human Betterment.....	24-25
Education.....	25-26
Housing.....	26
Tax Reductions.....	27-28
Budget Forecast for Fiscal Year 1951-52.....	28
Budget Forecast of Ordinary Revenue, Fiscal Year 1951-52.....	29
Budget Forecast of Ordinary Expenditure, Fiscal Year 1951-52.....	30
Budget Forecast of Surplus on Ordinary Account, Fiscal Year 1951-52.....	30
Budget Forecast of Capital Receipts, Fiscal Year 1951-52.....	31
Budget Forecast of Capital Payments, Fiscal Year 1951-52.....	31
Summary of Accomplishments and Proposals for Further Expansion.....	32-33
Conclusion.....	34
Appendix I—	
Proposed Tax Rental Agreements, December, 1950.....	36-37
Rental Payment Compared with Alternative Sources of Revenue.....	37
Ontario Municipal Improvement Corporation.....	38
Population.....	39
Immigration.....	39
Housing.....	40
Salaries, Wages and Supplementary Labour Income.....	41
Net Income of Agriculture and Other Unincorporated Business.....	41
Private and Public Capital Investment.....	42
Provincial-Municipal Capital Investment in Ontario.....	43
Assistance to Municipalities.....	44
Appendix II—	
Province of Ontario Savings Office, Balance Sheet, March 31, 1950.....	46
Surplus on Ordinary Account before and after provision for Sinking Funds, 1939 to 1951.....	46
Surpluses and Deficits, 1867 to 1951.....	47
Gross and Net Debt, 1914 to 1950.....	48-49
Provincial Debt, March 31, 1950, showing investment thereof.....	50
Gross Provincial Debt, March 31, 1950.....	51
Net Provincial Debt, March 31, 1950.....	52
Chart of Province of Ontario's Cumulative Investment in Physical Assets.....	53
Chart of Province of Ontario's Net and Per Capita Debt.....	54

INDEX

	PAGE
Agriculture.....	6-7, 41
Agriculture and Other Unincorporated Business, Net Income of.....	41
Capital Payments.....	18, 31
Capital Receipts.....	17, 31
Constitutional Amendment.....	11
Construction Industry.....	10
Contingent Liabilities.....	22
Corporations Tax.....	7, 8, 9
Cost of Living Index.....	6
Debt.....	18-22, 48-52, 54
Dollar, Value of.....	6
Economic Conditions.....	10
Education.....	6, 7, 25-26
Expenditure Statements.....	15, 30
Federal-Provincial Relations.....	8-9, 11-12, 36-37
Gasoline Tax.....	8, 9
Grants for Education.....	6, 44
Grants to Hospitals.....	7, 24-25, 44
Grants to Municipalities.....	6, 44
Grants to Universities.....	32-33, 44
Health.....	6-7, 24-25
Highways.....	7, 23
Homes for the Aged.....	24
Hospitals.....	7, 24-25
Hospitals Tax.....	27
Housing.....	12, 26, 40
Housing Development Act.....	12
Hydro-Electric Power Commission.....	13, 23
Immigration.....	9-10, 39
Income Tax.....	7, 8, 9
Inflation.....	6-10
Institute of Radiotherapy.....	24
Investment in Human Resources.....	18
Investment in Physical Assets.....	18, 53
Investment, Private and Public.....	9-10, 42, 43
Labour Force.....	10
Lands and Forests.....	7, 23-24
Liquor Licences.....	27
Mineral Production.....	24
Mothers' Allowances.....	7
Motor Vehicles.....	8, 23
Old Age Pensions.....	7, 11
Ontario Municipal Improvement Corporation.....	26, 38
Population.....	9-10, 39
Race Tracks Tax.....	27-28
Retail Sales.....	10
Revenue Statements.....	14, 29
Rural Power Lines.....	23
Rural Telephones.....	23
Salaries, Wages and Supplementary Labour Income.....	10, 41
Sinking Funds.....	15-17, 30, 46
Statutory Subsidy.....	8

INDEX—Continued

	PAGE
Succession Duty.....	28
Surplus.....	15-17, 30, 46, 47
Taxation, Provincial Limitations of.....	7-8
Taxation, Physical Unit.....	8
Tax Reductions.....	27-28
Tax Rental Agreements.....	8-9, 11-12, 36-37
Text-books.....	25-26
Toronto Housing Authority.....	12
Universities.....	32-33



BUDGET ADDRESS

DELIVERED BY

HONOURABLE LESLIE M. FROST

TREASURER OF THE PROVINCE OF ONTARIO

in the

LEGISLATIVE ASSEMBLY OF ONTARIO

TUESDAY, MARCH 6TH, 1951

HONOURABLE LESLIE M. FROST (Treasurer of Ontario) moved:

That Mr. Speaker do now leave the Chair and the House resolve itself into the Committee of Supply.

He said: Mr. Speaker, to-day I am introducing a Budget somewhat different in form than in the past. Appended to the Budget as appendices, following page 34, are a dozen or more statements relative to a variety of subjects to which I shall refer in my address. The purpose of them, Mr. Speaker, is to give to the Honourable Members of the House fuller particulars on subjects such as population, immigration, housing, Federal-Provincial relationships and matters of that sort. These will be filed with the Budget Address and will be printed in due course as part of it.

With reference to these subjects, Mr. Speaker, might I just pay a tribute to my staff, many of whom are sitting here at my left. In particular, I should like to refer to the Deputy Treasurer and Controller of Finances, Dr. Chester Walters; the Provincial Auditor, Mr. Harvey Cotnam; the Controller of Revenue, Mr. Philip Clark; the Chief Accountant, Mr. Hugh Brown; and last but certainly not least, the Assistant Provincial Statistician and Economist, Mr. George Gathercole. Then, I certainly would not want to forget my own personal secretary, Mrs. P. Gregory.

Mr. Speaker, I want to say of these people, and others associated with them, that I have found over many Budgets and over many Federal-Provincial Conferences that there are in Canada none better than these civil servants of Ontario. I think I can say that with experience, because this is the ninth time that I have moved the traditional motion that you do now leave the Chair and the House resolve itself into the Committee of Supply. No one has moved that motion more often than myself—nine times. Mr. Speaker, I can now say that perhaps I have graduated into the veterans' class. I want to assure the Honourable Member for Grey South (Mr. Oliver) that in all my nine Budgets I have endeavoured to produce a Budget that would meet with his entire satisfaction and with the entire satisfaction of the Opposition and, perhaps, on this ninth occasion, I shall have finally succeeded and we shall get a unanimous vote from this House.

The previous Budget Addresses which I have had the honour to present, in main, could not be regarded as applying to normal years. That is also true of the Budget I am about to present. In it you will find many signs of the unusual

times through which we are passing—the effects of rising prices, of high incomes and high levels of employment. You will observe the manner in which the troubled international situation has projected itself into the affairs of the Province. We have not been able to follow the paths of peace as we have wanted. Nevertheless, the year's program which you will be asked to approve is a full one and, I am sure, will not disappoint the main expectations of the people. Having come safely through difficult days, we look forward to the future with faith and confidence that the moral integrity, courage, skill and industry of our people will surmount all obstacles.

THE EFFECTS OF INFLATION ON PROVINCIAL AND MUNICIPAL BUDGETS

A year ago, when it was my privilege to address the House on the Budget, there were signs of a levelling off in prices and economic activity. At various points, soft spots were developing in the price structure. Exports to Europe were declining. We were experiencing more than seasonal unemployment. I pointed out, however, that while some indices of economic activity were tapering off, there were many elements of strength. I observed that there was a great volume of purchasing power and liquid assets in the hands of the people. Established businesses were in a sound financial position, interest rates were low and, finally, the volume of capital investment would be higher than ever before. We did not rush into a large number of capital projects. We took a saner course. We organized a comprehensive program of capital works to be used as required. The course we took at that time was sound. The danger today is not one of deflation but of inflation. No one can be sure where it will end.

Until the middle of 1946, Canada, by an elaborate system of economic controls, was able to keep the rise in prices within bounds. In April, 1946, the cost of living index was only 20 per cent above the pre-war average, an increase of less than 3 per cent per annum. There had been, however, a great increase in money supply and once price controls and subsidies were removed, prices began to rise rapidly. In less than three years, to the end of 1948, the cost of living index in Canada rose nearly 40 points or 12 per cent per annum. It levelled off in 1949, with a slight increase, but by May, 1950, it was again mounting sharply with an increase since then of 7 per cent. The value of the Canadian dollar in terms of the cost of living index is now about 57 cents of pre-war. In terms of the wholesale price index, it is only 44 cents. The effect of this rise in prices and living costs is strikingly apparent on the household budget. This is also true of the provincial budget.

THE EFFECTS OF INFLATION UPON THE PROVINCIAL BUDGET

The depreciation in the value of money has added significantly to the cost of provincial services. The Government of Ontario's overall ordinary and capital budget, excluding loans, advances, repayments and reserves, in the year ending March 31, 1951 will total approximately \$311 million, an increase of about 145 per cent over comparable figures of 1938-39. The reason is apparent. Our grants to municipalities for education, hospitals, road improvements, unemployment relief and various other purposes have increased from \$26.7 million in 1938-39 to \$90 million in the current year, a three and a half fold increase. Education grants alone have been increased from \$7.1 million to \$43.7 million, a six-fold increase since 1938-39. Agriculture and Health expenditures since

1938-39 have each increased three and one-half times. Expenditures of the Department of Lands and Forests have risen four and one-half times, while Highways expenditures have doubled.

In education, rising costs accompany every phase of activity. In the last four years the cost of constructing an elementary school has risen from less than \$400 per pupil place to \$644, an increase of 61 per cent. In representative elementary schools, salaries have doubled and administrative expenses have risen even more sharply. In secondary and vocational schools, costs show an increase of corresponding magnitude. The cost per pupil between 1939 and 1949 rose 100 per cent.

In Highways, maintenance and construction costs have in many cases doubled, mainly since 1945. The acquisition of property for highways is an important cost factor. Property around Toronto valued three years ago at \$300 an acre is now selling at \$2,500 an acre. In Lands and Forests, forest protection has risen two-fold in four years, partly because of improved forest protection, but substantially because of inflation. In Department of Public Works there is the same experience in both materials and labour.

All welfare payments have been scaled up to meet the rise in living costs. Mothers' allowance rates have risen 82 per cent over 1939-40, while old age and blind pensions per person rose in the same period 105 per cent. Provincial outlays for the relief of unemployables have advanced by 138 per cent per beneficiary.

In health services, the per capita cost of maintaining patients in Ontario hospitals is twice what it was in 1939. To meet the higher costs of operating tuberculosis sanatoria our grants have been increased 111 per cent. Grants to private and public hospitals have been raised nearly five-fold.

The foregoing examples explain why we are spending 145 per cent more money on our ordinary and capital budget than before World War II. When allowances are made for the depreciation in the value of the dollar and the 840,000 people we have added to our population in the last dozen years, we are spending little, if any, more than our predecessors in 1938-39. The principal factor has been the inflationary rise in prices.

EFFECTS OF PRICE INFLATION ON PROVINCE'S REVENUES

Rising prices contribute to buoyancy of Provincial revenues in certain fields, but for reasons which I shall outline, the net effect is to cause a deterioration in the Provincial budgetary position.

As you know, the Constitution limits the provinces and, therefore, the municipalities, to the levying of direct taxation, but in practice the limitation is far more drastic than that prescribed under the constitutional arrangement. The Federal Government has entered the three main fields of direct taxation, to which the provinces are constitutionally confined, and in two of them its rates threaten near monopolization of the potential yield. In the case of personal income tax, the Federal Government collects in Ontario an average of 20 per cent of the total taxable income in the Province. In the case of corporation income, the Federal Government levies a rate of about 38 per cent of taxable income. The heavy levies imposed by the Federal Government in these two fields greatly

circumscribe the effective operation of the Province in the performance of its assigned functions.

In comparison with the Federal Government's 38 per cent corporation profits tax, the Government of Ontario levies a rate of 7 per cent. The Province does not impose a personal income tax. In these two major tax fields, which are the most responsive and buoyant in times of inflation, the Province is levying a corporation income tax rate of 7 per cent plus certain minor special business taxes. In the majority of the other tax fields occupied by the Province, the Province's revenue in real terms tends to diminish as prices rise.

A conspicuous example of a casualty of inflation is the statutory subsidy payable by the Federal Government. At Confederation, the Province of Ontario agreed to accept a subsidy of \$1.2 million which was then the principal source of revenue. By successive inflations the statutory subsidy has been watered down. Owing to this factor, as well as the expansion of services, it now accounts for only 1 per cent of the Province's expenditures.

Several of Ontario's main sources of revenue are based on a unit of physical measure and do not, as do taxes on personal income and corporation profits, advance automatically with the rise in the general price level. The gasoline tax, for example, is based on gallonage, and that tax, which was raised to 11 cents on April 1, 1947, is now worth 8 cents in real terms. To obtain a unit revenue equal to the values of April, 1947, we would today have to levy a gasoline tax rate of 14½ cents per gallon. Motor vehicle licenses are in the same category. Compared with pre-war values, we are receiving \$4.70 for an average passenger car license. Liquor profits and taxes are sensitive to Federal Government taxation.

The Province's special corporation taxes on places of business and on capital respond very little to price rises. Timber dues, hunting and fishing licenses, water rentals, fees and various revenues of the Liquor Control Board are all related to standard physical units. In fact, over half the Province's total ordinary revenue does not directly reflect the rise in prices.

In regard to our revenue, Mr. Speaker, I would like for a moment to depart from my text, and refer to a statement made by the Honourable Douglas C. Abbott, the Federal Minister of Finance, at a conference which took place on the 4th of December last. I quote from page 139 of the Proceedings of the Conference which will be tabled and placed on the desks of every Honourable Member following this address. Honourable Mr. Abbott made this significant statement:

"I believe too that I should pay tribute to the general restraint and reasonableness shown by the two provinces which did not choose to enter into these tax agreements. In recent years, when financial demands have been extremely heavy, both provinces have in general pursued tax policies which, while conceived, of course, in the interest of the particular provinces, have not caused serious complications for the economy as a whole."

Mr. Speaker, the meaning of Mr. Abbott's statement is simply this: if you go back to the Suspension Agreement of 1942, you will recall that at that time there was an arrangement contained in the Agreement that the Federal Government would vacate the corporation tax field to the extent of 10 per cent, to allow the Provinces to enter that field. The Federal Government kept its word—actually kept its word right on the line—and the Provinces of Ontario and Quebec,

instead of levying a tax of 10 per cent, only levied a tax of 7 per cent. It is that to which Mr. Abbott referred.

Actually, we have not run counter to the economic policy of the Federal Government. We have endeavoured to co-operate at every turn of the road, and I was naturally very grateful to the Honourable Mr. Abbott for the reference he made in his address.

I might point out that the Budget which I am about to introduce is also very vulnerable, from this standpoint, that if there are changes in Federal taxes in fields from which the Province derives its revenue, including liquor and gasoline, our budgetary position could be very seriously interfered with. May I also suggest that one good turn deserves another. We have co-operated and will co-operate in the matter of personal income and corporation taxes, and we, of course, are confident the Federal Government will co-operate on the other side of the picture. We feel that will be the case, and we would be disappointed if it turned out otherwise.

GENERAL EFFECTS OF INFLATION

In addition to its adverse effects on our provincial and municipal budgets, the rapid dilution in the value of money has a human side for which we must have regard.

When the price level rises and the value of money deteriorates, it works a disadvantage on all persons who have claims to money. Among these are pensioners, annuitants, bond holders and all persons, retired or employed, who are in receipt of fixed or stable incomes.

An inflationary rise in prices acts as a great destroyer of moral values which mankind has cherished for generations. I believe that the qualities of thrift and saving for retirement should be treasured and nourished as basic elements in maintaining and strengthening the moral fabric of the nation. Continuing inflation becomes inevitably associated with loss of confidence in the currency as a stable means of value and exchange.

WHAT THE PROVINCES AND MUNICIPALITIES CAN DO TO HELP

What can the provinces and the municipalities do to help in the control of inflation? They have little influence on the general level of prices. They can examine every item of expenditure to ensure that only work of an urgent and essential nature is being undertaken. They can maintain balanced budgets. But compared with the varied and important controls which lie within the power of the Federal Government and its agency, the Bank of Canada, the contribution of the provinces and the municipalities to a stable price level is relatively small.

Unfortunately, the revived spending of the Federal Government on national defence has come at a time when we are very far from having overtaken the backlog of capital works which have been deferred during a decade of war and demobilization. During the war years, the capital investment of the Province on public services, such as highways, buildings and developmental projects, came almost to a stop.

In the meantime our population was growing rapidly. In the last twelve years it has increased by 840,000 or 23 per cent. About half of all immigrants

entering the country come to Ontario. Ontario's population, now almost 4,600,000 is increasing at nearly 10,000 a month and the rate is likely to go higher. The increase in population has swelled the demand for services.

The municipalities of Ontario also face an acute problem in their efforts to restrict or curtail the construction of many projects which are essential to their operation. Facilities such as water supply systems, street car and bus lines, streets, schools and disposal plants which may have been adequate a decade ago are now breaking down under the wear and tear of trying to provide services for their populations which in many instances have increased by more than 50 per cent. Local hydro-electric and other utilities are finding it necessary to replace their equipment to take care of the larger demand. Many new communities requiring all the services of established municipalities have sprung into being almost overnight.

In the last six years there has been invested in new capital in the Province a total of nearly \$6 billion. While contributing somewhat to the inflationary process, the increased investment in both public and private capital will aid tremendously in helping us to absorb our increased population and in meeting the demands imposed by the international situation. However, all expenditure—public and private—should be confined to essential purposes only. As far as the Government of Ontario is concerned, we will co-operate to the full limit. We have worked harmoniously with the Federal Government to maintain employment and income. We are just as prepared to work together in the interest of a stable price level.

REVIEW OF CURRENT CONDITIONS AND OPERATIONS

ECONOMIC CONDITIONS

The year 1950 was another period of record activity in Ontario. Of Canada's estimated gross national product of \$17.8 billion, Ontario accounted for over \$7 billion. Never before was there produced such a large volume of manufactured goods. Ontario's primary industries—farm, forest and mine—also recorded a prosperous year.

Record levels of production were shown in an increase in physical volume of output made possible by the expansion in our industrial structure, increased use of power-driven machinery and an efficient labour force of 1.8 million men and women. The construction industry alone received contracts of almost \$600 million, an increase of 42 per cent in value terms. Contracts for residential construction of \$234 million formed the largest single category, making up nearly 40 per cent of the total. Actual value of residential construction exceeded \$300 million. Employment in Ontario increased measurably during the year. A 6 per cent increase in the wage and salary bill during 1950 continued an advance that has been going on for more than a decade. In 1939 Ontario wages and salaries were \$1,087 million; in 1950 they were about \$3,434 million. That is an enormous increase for a province of a little over 4½ million people. It is my recollection that the average per capita wage and salary in Canada last year was about \$600, while the average per capita wage and salary in Ontario was over \$760.

The high levels of employment and income, which were characteristic of 1950, gave Ontario's citizens a purchasing power that raised the level of retail sales almost 8 per cent above that of the previous year.

FEDERAL-PROVINCIAL RELATIONS

During the past year, three conferences were held on Federal-Provincial Relations. All meetings were held in an atmosphere of cordiality and understanding which contributed much to their success. I have obtained a supply of the Reports of the Conference Proceedings, two of which have recently been released, and they will be distributed to the Honourable Members at the close of my address.

In constitutional matters, the Government of Ontario has steadfastly worked for a constitutional amending procedure which will be elastic enough to meet the needs of a growing and developing nation and yet rigid enough to provide ample safeguards to protect minorities and the basic characteristics of the Federal system. That has been the Ontario Government's stand in all discussions.

The conference held at Ottawa in December centered its attention on two questions:

- (a) Old Age Security, and
- (b) Financial Arrangements.

The government's stand on old age security has already been made known to the House. We are wholeheartedly in favour of the adoption at the earliest possible time of a program of old age pensions without a means test for persons 70 years of age and over. We are also prepared to approve the proposal to extend old age assistance on a means test to the 65-69 age group and we are eager to enter into an agreement with the Federal Government for this purpose. Provincial legislation complementary to that of the Parliament of Canada will be introduced as soon as the Federal act is available, even if it requires that the legislature adjourn and be recalled into a special session.

With respect to fiscal arrangements, the Federal Government proposed a continuation of tax rental agreements for a further period of five years, 1952-57, along lines basically the same as exist in the present agreements. The new offer is set out in the schedules to this address and I shall not elaborate.

The new agreements are not specifically related to any other aspect of Federal-Provincial Relations. Their acceptance will not be a condition of action, or a commitment to action in any other field. As the Prime Minister of Canada said "they stand on their own feet". The Federal Government's proposals are under consideration and will be examined on their merits. In this connection, may I refer the Honourable Members of the House to the tables on page 37.

I may say for the benefit of the Honourable Members that the combined rentals up to the end of this year, partly actual and partly estimated from Federal figures, would amount to \$341 million. I will only give them in round figures. Actually, with our own taxing arrangement, and without making any commitments, and without tying us in any way, we have collected \$324 million, and we hold a reserve of 5 per cent of personal income taxes which we can collect without raising the level of Provincial taxation. This 5 per cent provincial income tax amounts to \$55 million, making the total value of our field worth \$379 million, which is \$37.7 million more than we would have been paid—as an outside figure—under the proposals of 1946 and 1947.

May I say to the Honourable Members of this House that a proposal which was made last December was much more favourable, particularly to the Province of Ontario. In fact, there is an option which only the Province of Ontario could accept, and which is in much better terms than the previous proposal.

HOUSING

Housing construction in Ontario in 1950 continued at record levels. Of the estimated 32,496 dwelling units completed during the year, 31,318 were new units and approximately 1,178 consisted of housing conversions. A total of 24,331 new dwelling units was still under construction at the end of the year.

The Province has assisted in the construction of new housing units by various methods which I have outlined in the House on other occasions. Three years ago, in an endeavour to stimulate house construction and home ownership, we agreed to make Second Mortgage loans on housing units. Subsequently, the Federal Government arranged under the National Housing Act to make additional 1/6th loans available to buyers of new houses, and as a result the Province retired from the Second Mortgage loan field as of December 31, 1949. We regret the Federal Government's decision to suspend this arrangement for the time being.

Up to January 31, 1951 the Province approved of 14,919 loans. The majority of loans were made for houses valued at \$10,000 or less. As of January 31, 1951, the aggregate value of approved loans amounted to \$16,856,000. Instalments on principal and interest have been paid on the due date on most loans and 632 loans have been repaid in full. Repayments to the Province of interest and principal up to January 31, 1951 stood at \$2,338,000, reducing the liability of the Province in this connection to \$14,672,000. I think, Mr. Speaker, everyone will agree that is a very desirable result indeed, and the Honourable Attorney-General (Mr. Porter), who had a great deal to do with that legislation, must be very pleased.

In addition to this assistance, the Government has undertaken to pay \$1,000 for each of the 1,062 units already completed or still under construction in the Regent Park Project of The Toronto Housing Authority. The Province will have paid \$262,000 on this account at the end of the current fiscal year.

At the last session of the legislature, a provision was added to The Housing Development Act to complement Section 35 of the National Housing Act. Under the arrangements completed with the Central Mortgage and Housing Corporation on May 1, 1950, the Province is co-operating with those municipalities which request serviced land where there is both an effective demand for one-family houses under the N.H.A. mortgage scheme and a shortage of such assembly-serviced land for such houses. The financing in each case is the responsibility of the Federal Government and the Province on a 75-25 basis.

To date, land assembly-servicing agreements have been entered into with the cities of London, Windsor, St. Thomas, Ottawa, Kingston and the Improvement District of Atikokan. Negotiations are proceeding with the Town of Matheson and the City of Sudbury. The Provincial share of commitments so far made is expected to gross approximately \$1 million and will result in the development of about 2,400 lots for house building purposes.

HYDRO

The Hydro-Electric Power Commission of Ontario is experiencing the greatest period of expansion since its inception forty-five years ago. Last year, from December, 1949 to December, 1950, over 600,000 horsepower was brought into service, and of this increase 465,000 horsepower was added to the Southern Ontario System. Since 1939 the peak capacity of the three hydro systems, including the Northern Ontario Properties, has increased by over 1,500,000 horsepower. Nearly 940,000 horsepower has been added since 1945. Thus in the last five years the Hydro Commission has increased its peak capacity by almost half the amount of power it had in service in December, 1939. That has been a tremendous achievement compressed into a few years.

EXPENDITURE AND REVENUE

Despite the inflation through which we are passing, only four of the fifteen departments of the Government will spend in the current year more than the amount approved by the Legislature at the beginning of the period. One of these increases is accounted for by grants totalling \$204,000 to the Winnipeg and Fort Frances flood relief funds.

Prosperous business conditions, industrial growth and a high level of income combined with sound Government policy are the main factors in our fiscal position. The net ordinary revenue in the year ended March 31, 1951 will show an increase over the previous year of \$22.8 million.

With the permission of the House I now table the Interim Statement of Ordinary Revenue for the Fiscal Year ended March 31, 1951 consisting of receipts for ten months' actual and two months' forecast. Our estimated net receipts of ordinary revenue amount to \$251,372,000.

INTERIM STATEMENT OF ORDINARY REVENUE

Fiscal Year April 1, 1950—March 31, 1951

10 Months' Actual—2 Months' Forecast—12 Months

DEPARTMENT	Gross Ordinary Revenue	Application of Revenue to Expenditure	Net Ordinary Revenue
AGRICULTURE.....	\$ 820,000.00	\$	\$ 820,000.00
ATTORNEY-GENERAL.....	1,703,000.00	356,000.00	1,347,000.00
EDUCATION.....	1,435,000.00	120,000.00	1,315,000.00
HEALTH.....	2,990,000.00	19,000.00	2,971,000.00
HIGHWAYS:			
Main Office and Branch.....	30,000.00	.....	30,000.00
Gasoline Tax Branch.....	64,500,000.00	.....	64,500,000.00
Motor Vehicles Branch.....	18,000,000.00	.....	18,000,000.00
	<u>\$ 82,530,000.00</u>	<u>\$</u>	<u>\$ 82,530,000.00</u>
INSURANCE.....	\$ 318,000.00	\$	\$ 318,000.00
LABOUR.....	221,000.00	11,000.00	210,000.00
LANDS AND FORESTS.....	10,475,000.00	.....	10,475,000.00
MINES.....	3,803,000.00	8,000.00	3,795,000.00
MUNICIPAL AFFAIRS.....	384,000.00	.....	384,000.00
PROVINCIAL SECRETARY.....	982,000.00	.....	982,000.00
PROVINCIAL TREASURER:			
Main Office—Subsidy.....	3,155,000.00	.....	3,155,000.00
Interest.....	71,000.00	.....	71,000.00
Miscellaneous.....	42,000.00	.....	42,000.00
Liquor Control Board—Profits.....	39,000,000.00	.....	39,000,000.00
Liquor Control Board—Transfer Fees.....	650,000.00	.....	650,000.00
Savings Office—Refund of Expenses.....	529,000.00	529,000.00	.....
Provincial Share of Taxes collected from privately owned Corporations opera- ting Public Utilities.....	365,000.00	.....	365,000.00
Ontario Racing Commission:			
Licenses, Fees, etc.....	73,000.00	.....	73,000.00
Controller of Revenue Branch:			
Hospitals Tax.....	6,400,000.00	.....	6,400,000.00
Succession Duty.....	15,500,000.00	.....	15,500,000.00
Corporations Tax.....	71,500,000.00	.....	71,500,000.00
Race Tracks Tax.....	4,159,000.00	.....	4,159,000.00
Security Transfer Tax.....	1,500,000.00	.....	1,500,000.00
Land Transfer Tax.....	1,700,000.00	.....	1,700,000.00
Law Stamps.....	640,000.00	.....	640,000.00
Logging Tax.....	500,000.00	.....	500,000.00
Miscellaneous.....	40,000.00	.....	40,000.00
Motion Picture Censorship and Theatre Inspection Branch.....	280,000.00	.....	280,000.00
	<u>\$146,104,000.00</u>	<u>\$ 529,000.00</u>	<u>\$145,575,000.00</u>
PUBLIC WORKS.....	47,000.00	3,000.00	44,000.00
REFORM INSTITUTIONS.....	2,496,000.00	1,890,000.00	606,000.00
	<u>\$254,308,000.00</u>	<u>\$2,936,000.00</u>	<u>\$251,372,000.00</u>
PUBLIC DEBT—Interest, Exchange, etc.....	6,149,000.00	6,149,000.00	.....
	<u><u>\$260,457,000.00</u></u>	<u><u>\$9,085,000.00</u></u>	<u><u>\$251,372,000.00</u></u>

I also table the Interim Statement of Ordinary Expenditure for the same fiscal period. Our Net Ordinary Expenditure, including public debt interest, will amount to \$228,398,000. In addition, we are providing \$21,698,000 for sinking funds, which makes an overall expenditure of \$250,096,000.

INTERIM STATEMENT OF ORDINARY EXPENDITURE

Fiscal Year April 1, 1950—March 31, 1951

10 Months' Actual—2 Months' Forecast—12 Months

DEPARTMENT	Gross Ordinary Expenditure	Application of Revenue to Expenditure	Net Ordinary Expenditure
AGRICULTURE.....	\$ 6,993,000.00	\$	\$ 6,993,000.00
ATTORNEY-GENERAL.....	7,952,000.00	356,000.00	7,596,000.00
EDUCATION.....	57,035,000.00	120,000.00	56,915,000.00
HEALTH.....	34,466,000.00	19,000.00	34,447,000.00
HIGHWAYS.....	45,923,000.00	.....	45,923,000.00
INSURANCE.....	122,000.00	.....	122,000.00
LABOUR.....	1,055,000.00	11,000.00	1,044,000.00
LANDS AND FORESTS.....	9,845,000.00	.....	9,845,000.00
LIEUTENANT-GOVERNOR.....	12,000.00	.....	12,000.00
MINES.....	863,000.00	8,000.00	855,000.00
MUNICIPAL AFFAIRS.....	4,702,000.00	.....	4,702,000.00
PLANNING AND DEVELOPMENT.....	2,212,000.00	.....	2,212,000.00
PRIME MINISTER.....	395,000.00	.....	395,000.00
PROVINCIAL AUDITOR.....	209,000.00	.....	209,000.00
PROVINCIAL SECRETARY.....	868,000.00	.....	868,000.00
PROVINCIAL TREASURER.....	3,422,000.00	529,000.00	2,893,000.00
PUBLIC WELFARE.....	24,263,000.00	.....	24,263,000.00
PUBLIC WORKS.....	3,610,000.00	3,000.00	3,607,000.00
REFORM INSTITUTIONS.....	6,960,000.00	1,890,000.00	5,070,000.00
TRAVEL AND PUBLICITY.....	610,000.00	.....	610,000.00
STATIONERY ACCOUNT.....	20,000.00	.....	20,000.00
	<u>\$211,537,000.00</u>	<u>\$2,936,000.00</u>	<u>\$208,601,000.00</u>
PUBLIC DEBT—Interest, Exchange, etc.	25,946,000.00	6,149,000.00	19,797,000.00
Sinking Fund Instalments..	21,698,000.00	.....	21,698,000.00
	<u>\$259,181,000.00</u>	<u>\$9,085,000.00</u>	<u>\$250,096,000.00</u>

I also table a Summary of Ordinary Revenue and Ordinary Expenditure for the Fiscal Year April 1, 1950 to March 31, 1951. This Summary shows an Interim Surplus of \$1,276,000.

SUMMARY

ORDINARY REVENUE AND ORDINARY EXPENDITURE

FISCAL YEAR APRIL 1, 1950—MARCH 31, 1951

10 Months' Actual—2 Months' Forecast—12 Months

Net Ordinary Revenue.....	\$251,372,000.00
Less: Net Ordinary Expenditure (before providing for Sinking Funds)....	228,398,000.00
Surplus (before providing for Sinking Funds).....	\$ 22,974,000.00
Less: Provision for Sinking Funds.....	21,698,000.00
Interim Surplus.....	<u><u>\$ 1,276,000.00</u></u>

SURPLUS ACCOUNT

The net ordinary revenue of the Province in the current fiscal year is estimated at \$251.4 million, resulting in a surplus of \$1.3 million after transfer to the sinking fund of \$21.7 million. Our revenues have proved more buoyant than we had anticipated a year ago. I might add that of the eight Budgets which I have introduced—really nine Budgets because of the Budget of December, 1945—that I am humbly grateful to be able to say to this House that we have never had a deficit, which is an all-time record for this Province of Ontario. As regards the buoyancy of our revenues, I am very delighted, indeed, that they have been buoyant. I can point out the difficulties of forecasting to the Honourable Members of the House; I am of Scottish ancestry and I always like to be sure, and I like to see, that our Province is in a strong position. That is the object of the administration.

The Prime Minister of Canada (Right Honourable Louis S. St. Laurent), in February, 1950, gave an estimate of the gross national product for 1950 and the Honourable Members of this House will recollect that mention was made of that in this House. He made an estimate of \$16 $\frac{1}{4}$ billion, about the same as in 1949.¹ According to the latest estimate, the gross national product in 1950 was \$17.8 billion, an increase of \$1.4 billion over the forecast. Now, Mr. Speaker, the Prime Minister of Canada would not have made any such forecast as that a year ago. Certainly we in this House would not, with all the knowledge of our statistical branch at our command, ever have made such a forecast. That is the truth. With respect to the revenues resulting from this buoyancy, I want to say that while it is not the most spectacular thing in this Budget, it is the key to this Budget. The revenues resulting from the buoyancy we have used to keep our net debt tightly in hand. We have reduced deficit spending by adding to our sinking funds, thus combatting inflation.

Our own position a year ago as shown by my Budget Address was one of confident optimism. We forecast then a surplus. This optimism was not shared by the Opposition. One of the Opposition critics made this prediction and I quote him:

"It looks to me," he said, "as though the surplus, as suggested by the Hon. Provincial Treasurer, of \$166,000, which, after all, must be considered as a 'break-even' figure, will melt like the snow before the noon-day sun, and it does look very definitely to me as if the year 1951 will be the one which is going to, for the first time in eight years, produce a deficit. That is, if the provincial government maintains its program of spending as is outlined in the Budget."²

Mr. Speaker, I may say that we have in those three forecasts the difficulty in budgeting. We have the estimate of the Prime Minister of Canada, a great statesman, who has behind him not only the great knowledge and experience that he possesses but a very great and capable organization. We have his estimate. On the other hand, we have the estimate of one of the Honourable Members of the Opposition, with his experience, and then we have our own experience.

We have not only been able to maintain our program as outlined in the last Budget, but we have produced another surplus and at the same time have

¹House of Commons Debates, February 20, 1950, p. 55.

²Ontario Legislative Assembly Debates and Proceedings, March 21, 1950, p. G-3.

increased the provision for sinking funds from \$7,198,000 to \$21,698,000. I might give just one of the series of figures contained in this statement which shows the strength of this old Province and the way we have safeguarded its credit. The surplus, before provision of sinking funds, and which we have ploughed back, intentionally, into the credit of this Province was in 1947-48 \$31,109,753; in 1948-49, \$24,763,252; in 1949-50, \$29,278,649; and this year it is estimated at \$22,974,000. A statement of Surplus and Ordinary Account for the past three years and an estimate for the current year follows:

SUMMARY OF SURPLUS ON ORDINARY ACCOUNT

	MARCH 31			Interim Estimate 1950-51
	1948	1949	1950	
Net Ordinary Revenue. . . .	\$191,698,952.37	\$215,469,613.61	\$228,550,022.27	\$251,372,000
Less: Net Ordinary Expenditure (before provision for Sinking Funds)	160,589,199.53	190,706,361.37	199,271,373.67	228,398,000
Surplus (before provision for Sinking Funds)	31,109,752.84	24,763,252.24	29,278,648.60	22,974,000
Less: Provision for Sinking Funds	5,481,000.00	15,550,000.00	20,622,000.00	21,698,000
Balance carried to Surplus Account	25,628,752.84	9,213,252.24	8,656,648.60	1,276,000

I also table an Interim Statement of Capital Receipts, and a Statement of Capital Payments for the Fiscal Year April 1, 1950 to March 31, 1951.

INTERIM STATEMENT OF CAPITAL RECEIPTS

FISCAL YEAR APRIL 1, 1950—MARCH 31, 1951

10 Months' Actual—2 Months' Forecast—12 Months

DEPARTMENT	Gross Capital Receipts	Application of Receipts to Payments	Net Capital Receipts
HIGHWAYS	\$ 655,000.00	\$	\$ 655,000.00
LABOUR	5,700,000.00	. . . . .	5,700,000.00
LANDS AND FORESTS	4,703,000.00	. . . . .	4,703,000.00
MINES	80,000.00	. . . . .	80,000.00
PROVINCIAL SECRETARY	3,916,000.00	. . . . .	3,916,000.00
PROVINCIAL TREASURER	27,700,000.00	. . . . .	27,700,000.00
PUBLIC WELFARE	31,440,000.00	31,440,000.00	. . . . .
PUBLIC WORKS	25,000.00	. . . . .	25,000.00
	<u>\$74,219,000.00</u>	<u>\$31,440,000.00</u>	<u>\$42,779,000.00</u>

INTERIM STATEMENT OF CAPITAL PAYMENTS

FISCAL YEAR APRIL 1, 1950—MARCH 31, 1951

10 Months' Actual—2 Months' Forecast—12 Months

DEPARTMENT	Gross Capital Payments	Application of Receipts to Payments	Net Capital Payments
AGRICULTURE.....	\$ 6,650,000.00	\$	\$ 6,650,000.00
HIGHWAYS.....	41,050,000.00	.....	41,050,000.00
LABOUR.....	5,575,000.00	.....	5,575,000.00
LANDS AND FORESTS.....	3,350,000.00	.....	3,350,000.00
PROVINCIAL SECRETARY.....	1,500,000.00	.....	1,500,000.00
PROVINCIAL TREASURER.....	489,000.00	.....	489,000.00
PUBLIC WELFARE.....	31,440,000.00	31,440,000.00	.....
PUBLIC WORKS.....	9,500,000.00	.....	9,500,000.00
MISCELLANEOUS.....	26,000.00	.....	26,000.00
	<u>\$99,580,000.00</u>	<u>\$31,440,000.00</u>	<u>\$68,140,000.00</u>

PROVINCIAL DEBT AND INVESTMENT IN RESOURCES

Now, Mr. Speaker, before going on with the ways and means portion of the Budget, I should like to mention something to the House about our Provincial debt and our resources. I mention it particularly because in the coming ten years, with the great developments on the Niagara and the St. Lawrence Rivers, we will have to use our credit to the extent of about a billion dollars for these things alone. That is a tremendous undertaking. Remember this, Mr. Speaker, that to accomplish these great tasks which lie before us, we will need all of the borrowing strength that Ontario can muster. That is why we have so jealously guarded the credit position of this Province.

The surpluses realized by the Province have a direct effect on the net debt position. The net debt is arrived at after deducting sinking funds and revenue-producing and realizable assets. To a large extent, it is represented by investment in public buildings and in highways. I have always emphasized the importance of the net debt, and our efforts have been directed to keeping it within bounds, for the smaller it is the sounder is the Province's credit and the greater its facility for borrowing at low rates of interest.

The record of this government with respect to the net debt has been highly creditable. During the eight years ending March 31, 1951 we will have added to our physical assets the following amounts:

Improvements to Highways.....	\$155,358,593
Provincial Lands and Buildings.....	25,199,469
Rural Power Transmission Lines.....	34,465,697
Sundry.....	3,769,796
	<u>\$218,793,555</u>

We have also invested in the human resources of the province the following:

Agriculture.....	\$ 55,549,300
Education.....	297,867,444
Health.....	167,831,501
Public Welfare.....	128,029,183
	<u>\$649,277,428</u>

Despite these combined investments totalling \$868.1 million, our net debt will have increased by only \$45,618,953 in these eight years, while on a per capita basis it will have actually declined from \$127.56 to \$119.92. Because of our policy of augmenting our sinking fund provision, we have been able to hold the increase in our net debt down to this amount. We are actually paying towards capital account from current receipts the sum of \$23.0 million. Last year it was \$29.3 million. We are again able to say that of every dollar of capital expenditure we have paid over one-third from our ordinary revenue. Such a policy earns the Province a high reputation among the investing public and makes for economy and financial stability. This is the key to our ability to finance the huge undertakings of the Province including subsidiaries such as Hydro. Thus we keep our credit bright and clean.

In short, the crux of our policy is this: we wish to make sure that Ontario continues to borrow at the lowest interest rate of any of the provinces. Our borrowing rate is now closer to the Federal rate than any of the provinces of Canada. Again I say that faced with the tremendous and challenging tasks which lie before us in the coming years, when we will have to undertake great developmental projects which are going to assist in the expansion of industry and wealth and provide for a better standard of living for our people, we must keep our credit position as strong as possible.

I now table the statements of Gross Debt, Net Debt, Funded Debt and the Indirect Debt.

PROVINCE OF ONTARIO

DETAIL SUMMARY ACCOUNTING FOR ESTIMATED INCREASE IN GROSS DEBT

For the Fiscal Year to End on March 31, 1951

Estimated Gross Debt as at March 31, 1951	\$707,649,383.00
Gross Debt as at March 31, 1950.....	694,009,334.65

Estimated Increase for the fiscal year to end on March 31, 1951.....	<u>\$ 13,640,048.35 (1)</u>
--	-----------------------------

GROSS DEBT INCREASED BY:

Capital Disbursements—

Disbursements on Highways, Public Buildings, Works, etc.....	\$59,600,000.00
Less—Capital Receipts.....	4,860,000.00

\$54,740,000.00

Discount on Debentures, issued during year	500,000.00
--	------------

Increase in Loans Receivable—

Tile Drainage	\$ 18,800.00
Co-operative Marketing Loans	120,000.00

138,800.00

Increase in Housing Corporation Limited—Investments...	146,085.75
--	------------

Ontario Municipal Improvement Corporation Investments...	1,500,000.00
--	--------------

Increase in Income Liabilities.....	485,500.00
-------------------------------------	------------

\$ 57,510,385.75

GROSS DEBT DECREASED BY:

Provision charged to Ordinary Expenditure—

Retirement of Railway Aid Certificates.....	\$ 349.80
Sinking Fund Instalments	21,698,000.00

Estimated Surplus on Ordinary Account.....	1,276,000.00
--	--------------

\$22,974,349.80

Discount on Debentures, written-off	536,000.00
---	------------

Net Repayments on Loans Receivable—

The Hydro-Electric Power Commission of Ontario.....	\$2,785,000.00
--	----------------

Agricultural Development Finance Act Investments.....	1,908,300.00
--	--------------

Miscellaneous.....	122,500.00
--------------------	------------

4,815,800.00

Increase in Reserves.....	160,537.60
---------------------------	------------

Decrease in Cash on Hand and in Banks.....	15,383,650.00
--	---------------

43,870,337.40

Estimated Increase for the fiscal year to end on March 31, 1951.....	<u>\$ 13,640,048.35 (1)</u>
--	-----------------------------

PROVINCE OF ONTARIO

ESTIMATED INCREASE IN THE NET DEBT

As at March 31, 1951

Estimated as at March 31, 1951:

Estimated Gross Debt.....	\$707,649,383.00
Less—Estimated Revenue Producing and Realizable Assets.....	166,589,138.90

Estimated Net Debt.....	<u>\$541,060,244.10</u>
-------------------------	-------------------------

As at March 31, 1950:

Gross Debt.....	\$694,009,334.65
Less—Revenue Producing and Realizable Assets.....	185,190,003.15

Net Debt.....	<u>\$508,819,331.50</u>
---------------	-------------------------

Estimated Increase in Net Debt.....	<u>\$ 32,240,912.60 (2)</u>
-------------------------------------	-----------------------------

(1) Before printing, final figures became available which showed the increase in the Gross Debt during the fiscal year ended March 31, 1951 to be \$3,954,089.57.

(2) Before printing, final figures became available which showed the increase in the Net Debt during the fiscal year ended March 31, 1951 to be \$12,730,832.88.

THE FUNDED DEBT OF ONTARIO

DETAIL SUMMARY OF ESTIMATED CHANGES

For the Fiscal Year to end March 31, 1951

As at March 31, 1950 (after deducting Sinking Funds).....		\$585,350,849.80
ADD—Sale of Debentures:		
BT 3% due October 15, 1977.....	\$50,000,000.00	
TI 4½% due November 1, 1952.....	5,500,000.00	
		<u>55,500,000.00</u>
		\$640,850,849.80
LESS—Redemptions:		
AL 4% due May 15, 1950.....	\$ 744,000.00	
AP 4½% due May 15, 1950.....	688,000.00	
AS 4% due June 1, 1950.....	629,000.00	
AY 4½% due June 1, 1950.....	15,000,000.00	
BM 1¾% due July 15, 1950.....	500,000.00	
RZ 2½% due August 1, 1950.....	1,000,000.00	
RS 3% due November 1, 1950.....	1,050,000.00	
AK 4½% due November 1, 1950.....	800,000.00	
AH 4½% due December 1, 1950.....	700,000.00	
RAD 1¾% due December 15, 1950.....	2,000,000.00	
AJ 4½% due January 15, 1951.....	800,000.00	
AR 4½% due January 15, 1951.....	599,000.00	
RB 3% due January 15, 1951.....	1,000,000.00	
BN 1¾% due January 15, 1951.....	1,500,000.00	
	<u>\$27,010,000.00</u>	
Railway Aid Certificates.....	349.80	
Increase in Sinking Fund Investments—Current Year	21,698,000.00	
		<u>48,708,349.80</u>
Estimated as at March 31, 1951 (after deducting Sinking Funds).....		<u>\$592,142,500.00</u>

SUMMARY

New Issues.....	\$55,500,000.00
Less—Redemptions and Increase in Sinking Fund.....	48,708,349.80
Net Increase in Funded Debt.....	<u>\$ 6,791,650.20⁽¹⁾</u>

⁽¹⁾ Before printing, final figures became available which showed a net decrease in the Funded Debt during the fiscal year ended March 31, 1951 of \$2,633,349.80.

PROVINCE OF ONTARIO

CONTINGENT LIABILITIES, BONDS, ETC., GUARANTEED BY THE PROVINCE

Estimated as at March 31, 1951

Total as per Public Accounts, March 31, 1950..... \$397,141,129.12

ADD—New Guarantees or Increases for the Fiscal Year to end
on March 31, 1951—

Co-operative Marketing Loans.....	\$ 39,500.00	
Power Commission.....	110,000,000.00	
Railways.....	250,000.00	
Ontario Food Terminal Board.....	155,510.67	
		<u>110,445,010.67</u>
		\$507,586,139.79

LESS—Principal Maturities redeemed or to be redeemed,
including redemptions prior to maturity, during the
Fiscal Year to end on March 31, 1951—

Municipalities.....	\$ 2,555.81	
Park Commissions.....	100,600.00	
Power Commission.....	9,381,000.00	
Railways.....	671,000.00	
Schools.....	89,904.31	
Universities.....	43,477.60	
Ontario Stock Yards Board.....	56,947.32	
		<u>10,345,485.04</u>
		\$497,240,654.75

LESS—Sinking Fund Deposits for the Fiscal Year to end on March 31, 1951.. 839.32

Estimated Contingent Liability of the Province as at March 31, 1951..... \$497,239,815.43

SUMMARY

Estimated Contingent Liability of the Province as at March 31, 1951.....	\$497,239,815.43
Contingent Liability of the Province as at March 31, 1950...	397,141,129.12
Estimated Increase.....	<u>\$100,098,686.31⁽¹⁾</u>

(1) Before printing, final figures became available which showed the increase in the Contingency Liability of the Province during the fiscal year ended March 31, 1951 to be \$99,715,581.87.

WAYS AND MEANS

The Government's plan for the fiscal year commencing April 1, 1951 will be framed against the background of the national defence program. The requirements of this program will have prior claim on all resources of men, machinery and materials. As presently contemplated, the Federal Government's defence expenditure in the next fiscal year will amount to slightly less than 9 per cent of the gross national product, but undoubtedly it will absorb a considerably larger proportion than that of our provincial product. This suggests that we should exercise economy in all branches of our spending.

We, however, must go forward with the economic development of the Province, and in various phases lead the way. It is desirable, and indeed necessary, if at all possible, that we should proceed with the building of roads and highways to take care of the growing number of motor vehicles. The seriousness of the traffic situation is evidenced not only in the congestion of our highways but also in the tragic toll of traffic accidents. The Provincial highways are not only main arteries for passenger car travel, they are also the facilities for moving a tremendous tonnage of industrial freight. Many priorities should be included—Housing, Schools, Hospitals, development and conservation of Mineral, Forest and Natural Resources and the construction of Hydro-Electric projects.

HIGHWAYS

Motor vehicle registration is now 1,100,000 and is mounting. We have one vehicle for every four of our population, placing us among the leaders in America in automotive transportation. In the coming year we are budgeting for \$46 million on ordinary account and \$47.2 million on capital account, making a combined expenditure on highways of \$93.2 million. This program, which is a priority, is of course dependent upon the material situation in which we shall co-operate with the Federal Government.

AGRICULTURE, LANDS AND FORESTS, AND MINES

During the past year, 33,000 new rural customers have been given electric power service. Since this Government assumed office in 1943 nearly 15,000 miles of rural lines have been built and over 160,000 customers connected for electric power supply. In the last half dozen years, 54 per cent of our present consumers have been added, which means that more electric power services have been given to rural people in that period than in all the years since the inception of Hydro forty-five years ago. We plan to make rural power available to at least an additional 30,000 new consumers in the next fiscal year and finances are being provided accordingly.

The improvement of rural telephone systems in Ontario is also receiving the attention of the Government. Generally speaking, rural telephone systems have not been kept abreast of the wide technical advances in the field of communication. The Government is therefore placing in the Estimates the amount of \$100,000 for the purpose of a rural telephone board which is being created.

In Lands and Forests, we are following the policy of spending the revenues of the Department on the conservation of our forests rather than draining them off for other uses. Admittedly, we are spending four times as much on these great assets as we did when the Government assumed office, which is thoroughly

justified in the great advances we have made in fire protection, insect control and advanced forest management and practices. Our advanced policies will be pursued with the objective of making Ontario the leader in forest conservation.

In Mines, production has reached an all-time high of \$363 million, an increase of \$40 million over the previous year. America is turning its eyes to the iron resources of Ontario and we shall see spectacular developments in the coming years.

HUMAN BETTERMENT

A high standard of morality will accrue to the nation which sets for itself the goal of the human betterment of its people. The task of raising living standards and promoting general welfare is challenging and essential. Old Age Pensions have been referred to. We shall bend every effort to make this reform effective at the earliest possible moment. The attainment of this objective is dependent upon agreement being reached among the ten provinces and the Federal Government.

Our services in the Department of Labour have been enlarged and strengthened and the Department is making a great contribution to the constant improvement of labour conditions in the Province.

The Department of Reform Institutions will this year emphasize the improvement of facilities for female offenders, the extension of service to rehabilitate alcoholic addicts and the expansion of academic and vocational training programs.

In Health, we have been making great strides. In the treatment of alcoholics, Ontario leads the way. We show the lowest death rate from tuberculosis of any of the provinces. In the treatment of the mentally ill, we are emphasizing preventive services. Presently, one-quarter of all full-time civil servants are engaged in providing care for the mentally ill. Preventive services will help keep patients active in ordinary life rather than inmates of our institutions. Last year over 65,000 expectant mothers took advantage of these pre-natal examination services which were first provided in 1946.

Great advances are being made in the facilities for the care of aged persons. Two years ago grants to municipalities of up to 50 per cent of the cost of homes for aged persons were instituted, with the result that many homes for the care of the aged are being built throughout Ontario. This year a very great advance is being made. The Government recognizes the work being done by religious and fraternal organizations. Therefore, to assist and stimulate this type of work a grant of \$1,000 per bed will be made to such organizations to assist them in their great work.

As was announced in this House on February 13, \$2 million will be provided in the Estimates of the Department of Health for the Institute of Radiotherapy. The Government is prepared to carry out its undertaking promptly and it hopes that the facilities of the new Institute will do much to lessen suffering, relieve anxiety and, ultimately, eradicate the scourge of cancer.

For the past several years, hospitals have experienced great difficulty in balancing their budgets owing to rising costs. Prior to 1945 this Government paid grants to hospitals for beds occupied by indigent patients only, but since that time they have been paid on public ward beds, regardless of whether the occupant was indigent or self-paying. This has materially increased our assistance to the

hospitals—from \$1 million in 1945 to over \$6 million this year—and has helped to keep hospital costs within the patient's ability to pay. Deficits, however, are still increasing, and for the current year, the Government will make an additional payment to hospitals of about \$1½ million payable before March 31, 1951. This special payment together with the regular grants and capital payments on new construction will raise the Province's grants to hospitals in 1950-51 to the unprecedented level of over \$10 million.

This policy will be continued for 1951-52 and we will also extend some measure of assistance to organized out-patient departments. Further payments, on a bed basis, will be made to isolation hospitals and to isolation units in general hospitals. It has been suggested that we increase the municipal statutory charge for infant care from sixty cents to one dollar per day, but, rather than add to the already heavy burden of the municipalities, the Government will undertake to meet this extra cost. All told, these expenditures, including capital grants on approved building projects, will amount to \$10¾ million in the next fiscal year.

Mr. Speaker, I would like to summarize this new policy:

1. The Government will pay to general hospitals before March 31, 1951 a special grant of about \$1½ million towards the cost of indigent care.
2. This assistance will be continued next year and it will be over and above all grants that are being made under existing bed assistance programs.
3. Commencing with the fiscal year 1951-52, the Government will in addition provide assistance to organized out-patient departments of general hospitals. This assistance will amount approximately to \$168,000 annually. This is an entirely new form of assistance.
4. The Government has decided to bear the extra cost of caring for infant indigents and thus relieve municipalities of any additional expense for this service.
5. The Government will pay maintenance grants to isolation hospitals and to isolation units in general hospitals and for this purpose \$100,000 is provided in the Estimates for 1951-52. In the past, the cost of maintaining these facilities has been the responsibility of the municipalities.
6. All these provisions will be of financial assistance to the municipalities of Ontario.
7. The total assistance for public hospitals in the next fiscal year will amount to \$10¾ million. This is a ten-fold increase since 1945.

As further evidence of its progressive policy towards health, I would point out that by March 31, 1952 the Government's capital grants program will have provided as hospital accommodation approximately 12,000 beds and 2,000 nursery cubicles.

EDUCATION

With the announcement a year ago of a revision of the curriculum involving the adoption of a number of new text-books, a policy was adopted of paying grants at the current rate on all amounts expended for text-books named in approved lists for elementary schools.

The text-books that have been placed in these approved lists are a very

important part of the revised curriculum. Wherever possible, the books selected for the approved lists are of Canadian origin, prepared by Canadian authors and editors and illustrated by Canadian artists. Where books of non-Canadian origin have had to be listed, Canadian revisions have been made. The Government desires that no child shall fail to receive the benefits of the new curriculum because of the lack of necessary books. It is recognized that the cost of these new books is very substantial, and it has been decided that parents should be relieved of this expense. The Government will therefore reimburse Boards for expenditures, made in 1951, on approved text-books for Grades I to VIII, up to an amount of \$3 for each pupil of average attendance. For this purpose an amount of \$2.0 million is being set aside in the Estimates. Boards of Education will be required to provide an ample supply of text-books for each school.

The decision to provide free school books for all pupils of grades I to VIII marks a distinct advance in the efforts of this Government to make educational facilities available to the children of the Province at no cost to the parents. The Government is determined that no obstacle shall stand in the way of the children of this Province enjoying every advantage which our educational institutions can make available. Equality of opportunity is the beacon and goal of our people. This innovation will be unhampered by any strings or conditions. Free school books will be provided for the benefit of all children in grades I to VIII regardless of social or economic status or any other difference whatsoever.

The new measure will be of direct help to every parent who has children in primary grades. In effect it means that we have estimated the cost per child for school books at about \$3, and from now on the parents will be relieved of that cost. Parents can find the benefit which will come to them by multiplying \$3 by the number of their children attending grades I to VIII. It is actually a direct tax reduction placed in the pockets of the parents who otherwise would have to provide that money, and it also means that those of us who are unfortunate enough not to have children will share with those who have children the cost of providing school books for them.

Mr. Speaker, I remember standing in this place some seven years ago, in 1944, when introducing the first one of these Budgets. At that time I wrestled with \$16 million for education, then by 1948-49 the expenditure of this department went up to \$47.8 million, and next year it will go up to \$63.2 million, which is a huge sum indeed.

HOUSING

The Government is placing \$1.5 million in the Estimates to continue its various housing programs. Our efforts to encourage housing are dependent on several factors: on the action of the Federal Government in making N.H.A. loans available, on the supply of materials and man-power and on the initiative of the municipalities themselves in taking advantage of the opportunities available under present legislation.

ONTARIO MUNICIPAL IMPROVEMENT CORPORATION

A statement on the Ontario Municipal Improvement Corporation is included in the Appendix.

NO NEW TAXES

I am pleased to make this announcement regarding taxes for the ensuing year:

There will be no new taxes.

There will be no increase in rates of present taxes.

There will be tax reductions.

Hospitals Tax

There will be a readjustment in the tax affecting lounge licences. Entertainment will be defined as anything more than background music.

There will be a reduction in taxes payable by patrons of all places of entertainment. The present rate of tax will be reduced from 15 per cent to 12½ per cent.

Liquor Licence

It is proposed to amend Section 43 of The Liquor Licence Act so that the purchaser of Licenced Premises will in future pay the tax rather than the vendor as at present.

Race Tracks Tax

During the 1950 racing season, the rate of pari-mutuel tax imposed under The Race Tracks Tax Act was 12½% of the amount wagered. This tax, added to the percentage of the amount wagered to which each track is entitled under the Criminal Code, made a total withdrawal from the amount staked or deposited on each race as follows:

Total Amount Staked or Deposited on Each Race	Provincial Tax Percentage	Percentage Retained by Each Track	Total
On the first \$20,000 or part thereof...	12½%	9%	21½%
On the next \$10,000 or part thereof...	12½%	8%	20½%
On the next \$10,000 or part thereof...	12½%	7%	19½%
On the next \$10,000 or part thereof...	12½%	6%	18½%
In excess of \$50,000.....	12½%	5%	17½%

For the 1951 racing season, the tax imposed under The Race Tracks Tax Act will be adjusted as follows:

Total Amount Staked or Deposited on Each Race	Provincial Tax Percentage	Percentage Retained by Each Track	Total
On the first \$20,000 or part thereof...	10%	9%	19%
On the next \$10,000 or part thereof...	11%	8%	19%
On the next \$10,000 or part thereof...	12%	7%	19%
On the next \$10,000 or part thereof...	13%	6%	19%
In excess of \$50,000.....	14%	5%	19%

The result of this adjustment will be that, whereas at the rates applicable during 1950, the majority of bets laid on pari-mutuel horse racing were subject to a total percentage retained either in tax by the Province of Ontario or in returns to the race tracks of $21\frac{1}{2}\%$ of the amount bet, the total percentage retained by the Province and the tracks under the new rates will never be in excess of 19 per cent.

Succession Duty

There will be amendments to the Succession Duty Act to clarify certain sections of the Act.

BUDGET FORECAST FOR FISCAL YEAR 1951-52

With your permission I now place on the records of the House the budget forecast of Ordinary Revenue, Ordinary Expenditure, Summary, Capital Receipts and Capital Payments for the fiscal year April 1st, 1951 to March 31st, 1952 and I forecast a surplus of \$598,000.

BUDGET FORECAST OF ORDINARY REVENUE

Fiscal Year April 1, 1951—March 31, 1952

DEPARTMENT	Gross Ordinary Revenue	Application of Revenue to Expenditure	Net Ordinary Revenue
AGRICULTURE.....	\$ 746,000.00	\$	\$ 746,000.00
ATTORNEY-GENERAL.....	2,844,000.00	439,000.00	2,405,000.00
EDUCATION.....	1,092,000.00	105,000.00	987,000.00
HEALTH.....	3,109,000.00	516,000.00	2,593,000.00
HIGHWAYS:			
Main Office and Branch.....	30,000.00	.....	30,000.00
Gasoline Tax Branch.....	68,500,000.00	.....	68,500,000.00
Motor Vehicles Branch.....	18,500,000.00	.....	18,500,000.00
	<u>\$ 87,030,000.00</u>	<u>\$</u>	<u>\$ 87,030,000.00</u>
INSURANCE.....	\$ 299,000.00	\$	\$ 299,000.00
LABOUR.....	205,000.00	10,000.00	195,000.00
LANDS AND FORESTS.....	12,580,000.00	.....	12,580,000.00
MINES.....	3,527,000.00	8,000.00	3,519,000.00
MUNICIPAL AFFAIRS.....	343,000.00	.....	343,000.00
PROVINCIAL SECRETARY.....	655,000.00	.....	655,000.00
PROVINCIAL TREASURER:			
Main Office—Subsidy.....	3,155,000.00	.....	3,155,000.00
Interest.....	71,000.00	.....	71,000.00
Liquor Control Board—Transfer Fees.....	570,000.00	.....	570,000.00
Liquor Control Board.....	39,000,000.00	.....	39,000,000.00
Province of Ontario Savings Office.....	530,000.00	530,000.00	.....
Ontario Racing Commission:			
Licenses, Fees, etc.....	69,000.00	.....	69,000.00
Controller of Revenue:			
Hospitals Tax.....	6,000,000.00	.....	6,000,000.00
Succession Duty.....	15,500,000.00	.....	15,500,000.00
Corporations Tax.....	71,500,000.00	.....	71,500,000.00
Race Tracks Tax.....	4,000,000.00	.....	4,000,000.00
Security Transfer Tax.....	1,100,000.00	.....	1,100,000.00
Land Transfer Tax.....	1,500,000.00	.....	1,500,000.00
Law Stamps.....	600,000.00	.....	600,000.00
Logging Tax.....	1,000,000.00	.....	1,000,000.00
Motion Picture Censorship and Theatre Inspection Branch.....	238,000.00	.....	238,000.00
	<u>\$144,833,000.00</u>	<u>\$ 530,000.00</u>	<u>\$144,303,000.00</u>
PUBLIC WORKS.....	\$ 41,000.00	\$ 3,000.00	\$ 38,000.00
REFORM INSTITUTIONS.....	2,747,000.00	2,170,000.00	577,000.00
MISCELLANEOUS.....	100,000.00	.....	100,000.00
	<u>\$260,151,000.00</u>	<u>\$3,781,000.00</u>	<u>\$256,370,000.00</u>
PUBLIC DEBT—Interest, Exchange, etc.....	5,829,000.00	5,829,000.00	.....
	<u>\$265,980,000.00</u>	<u>\$9,610,000.00</u>	<u>\$256,370,000.00</u>

BUDGET FORECAST OF ORDINARY EXPENDITURE

Fiscal Year April 1, 1951—March 31, 1952

DEPARTMENT	Gross Ordinary Expenditure	Application of Revenue to Expenditure	Net Ordinary Expenditure
AGRICULTURE.....	\$ 8,054,000.00	\$	\$ 8,054,000.00
ATTORNEY-GENERAL.....	9,621,000.00	439,000.00	9,182,000.00
EDUCATION.....	63,271,000.00	105,000.00	63,166,000.00
HEALTH.....	37,779,000.00	516,000.00	37,263,000.00
HIGHWAYS.....	46,000,000.00	.....	46,000,000.00
INSURANCE.....	132,000.00	.....	132,000.00
LABOUR.....	1,130,000.00	10,000.00	1,120,000.00
LANDS AND FORESTS.....	10,750,000.00	.....	10,750,000.00
LIEUTENANT-GOVERNOR.....	20,000.00	.....	20,000.00
MINES.....	950,000.00	8,000.00	942,000.00
MUNICIPAL AFFAIRS.....	5,747,000.00	.....	5,747,000.00
PLANNING AND DEVELOPMENT.....	2,706,000.00	.....	2,706,000.00
PRIME MINISTER.....	217,000.00	.....	217,000.00
PROVINCIAL AUDITOR.....	230,000.00	.....	230,000.00
PROVINCIAL SECRETARY.....	950,000.00	.....	950,000.00
PROVINCIAL TREASURER.....	3,777,000.00	530,000.00	3,247,000.00
PUBLIC WELFARE.....	26,788,000.00	.....	26,788,000.00
PUBLIC WORKS.....	4,157,000.00	3,000.00	4,154,000.00
REFORM INSTITUTIONS.....	7,604,000.00	2,170,000.00	5,434,000.00
TRAVEL AND PUBLICITY.....	661,000.00	.....	661,000.00
MISCELLANEOUS.....	100,000.00	.....	100,000.00
	<u>\$230,644,000.00</u>	<u>\$3,781,000.00</u>	<u>\$226,863,000.00</u>
PUBLIC DEBT—Interest, Exchange, etc.....	27,462,000.00	5,829,000.00	21,633,000.00
Sinking Fund Instalments..	7,276,000.00	.....	7,276,000.00
	<u>\$265,382,000.00</u>	<u>\$9,610,000.00</u>	<u>\$255,772,000.00</u>

SUMMARY

BUDGET FORECAST

Fiscal Year April 1, 1951—March 31, 1952

Net Ordinary Revenue.....	\$256,370,000.00
Less: Net Ordinary Expenditure (before providing for Sinking Funds)...	248,496,000.00
Surplus (before providing for Sinking Funds).....	\$ 7,874,000.00
Less: Provision for Sinking Funds.....	7,276,000.00
Surplus Forecast.....	<u>\$ 598,000.00</u>

BUDGET FORECAST OF CAPITAL RECEIPTS

FISCAL YEAR APRIL 1, 1951—MARCH 31, 1952

DEPARTMENT	Gross Capital Receipts	Application of Receipts to Payments	Net Capital Receipts
HIGHWAYS.....	\$ 705,000.00	\$	\$ 705,000.00
LABOUR.....	6,000,000.00	.....	6,000,000.00
LANDS AND FORESTS.....	2,625,000.00	.....	2,625,000.00
MINES.....	80,000.00	.....	80,000.00
PROVINCIAL SECRETARY.....	4,126,000.00	.....	4,126,000.00
PROVINCIAL TREASURER.....	13,799,000.00	.....	13,799,000.00
PUBLIC WELFARE.....	34,546,000.00	34,546,000.00	.....
	<u>\$61,881,000.00</u>	<u>\$34,546,000.00</u>	<u>\$27,335,000.00</u>

BUDGET FORECAST OF CAPITAL PAYMENTS

FISCAL YEAR APRIL 1, 1951—MARCH 31, 1952

DEPARTMENT	Gross Capital Payments	Application of Receipts to Payments	Net Capital Payments
AGRICULTURE.....	\$ 8,250,000.00	\$	\$ 8,250,000.00
HEALTH.....	2,000,000.00	.....	2,000,000.00
HIGHWAYS.....	47,210,000.00	.....	47,210,000.00
LABOUR.....	6,000,000.00	.....	6,000,000.00
LANDS AND FORESTS.....	2,200,000.00	.....	2,200,000.00
MINES.....	1,000,000.00	.....	1,000,000.00
PROVINCIAL SECRETARY.....	1,750,000.00	.....	1,750,000.00
PROVINCIAL TREASURER.....	2,347,000.00	.....	2,347,000.00
PUBLIC WELFARE.....	34,546,000.00	34,546,000.00	.....
PUBLIC WORKS.....	12,000,000.00	.....	12,000,000.00
MISCELLANEOUS.....	150,000.00	.....	150,000.00
	<u>\$117,453,000.00</u>	<u>\$34,546,000.00</u>	<u>\$82,907,000.00</u>

SUMMARY

Mr. Speaker: I would conclude by summarizing the impressive accomplishments of the Government in the current fiscal year and the program for next year.

For the year ending March 31, 1951,—

1. We are reporting a surplus of \$1,276,000 after providing a sinking fund of \$21,698,000. This will be the government's eighth consecutive surplus since it assumed office in 1943.

2. Total Sinking Funds of the Province now stand at \$90,850,000. This is the result of the government's policy of using the surpluses of the last eight years to cushion our funded debt.

3. Before March 31, 1951, a special additional payment of \$1½ million will be made to public general hospitals. This will benefit municipalities.

4. We have paid out in subsidies and grants of all kinds to Municipalities and School Boards for Highways, Police Forces, Fire Departments, Elementary and Secondary Schools, Health and Welfare, and Hospitals, the sum of \$90,000,000.

For the fiscal year 1951-52, we shall do the following,—

1. Budget for an estimated surplus on ordinary account of \$598,000.

2. Impose no new taxes and no increase in the rates of present taxes.

In fact, there will be tax reductions: there will be reductions in race track taxes and there will be a reduction from 15 per cent to 12½ per cent in the hospitals tax.

3. Provide free school books for children in Grades I to VIII; \$2 million is being appropriated for this purpose.

4. Provide for the following grants to universities:

	Grant	Increase
University of Toronto.....	\$4,187,000	\$795,000
Queen's University.....	550,000	50,000
University of Western Ontario.....	550,000	50,000
McMaster University.....	150,000	25,000
University of Ottawa.....	150,000	25,000
Carleton College.....	100,000	25,000
	<u>\$5,687,000</u>	<u>\$970,000</u>

Mr. Speaker, the Prime Minister of Canada (Right Honourable Louis St. Laurent) said last Fall at a Convocation of the University of Toronto that the Federal Government was considering giving assistance to universities. I would like to make it plain that any assistance extended by the Federal Government—and I sincerely hope it will be prompt and generous—will be without any cut or reduction of our grant at all. In other words, our plans are made now, and our assistance will be given to the universities regardless of what grants are made by the Federal Government.

I would like to add a word of support for our universities. After all, I realize the difficulties in connection with the Federal Government assisting the provinces in the field of education. Personally, I am not one to object. I would like to see it done, but I realize the difficulties of doing it. I would, however, like to say that the one place where the Federal Government and the Provincial Governments can be in partnership without running into difficulties is in respect of universities.

Woven through this Budget are the benefits of science; at every turn of the road we see raw resources being turned into wealth and happy homes, because of science. The principal beneficiary is the central government. They collect the majority of the taxes: that is obvious, and it is also obvious that the interest of the Federal Government should be as great in aiding the universities. I hope the Government will come into this field. There is no investment they can make which will give a greater return to the people of Ontario and indeed give a greater return to the collector of taxes, than to contribute to science through out great universities. May I say again that anything done by the Federal Government will be without any reduction whatever in our grants.

5. Spend for Education in 1951-52 the huge sum of \$63.2 million, an increase of more than \$6.0 million over 1950-51.

6. Provide \$100,000 for the improvement of rural telephone systems.

7. Provide extensions to rural hydro-electric lines to service at least 30,000 new consumers.

8. Make grants of \$1,000 a bed to religious and fraternal organizations to assist them in building homes for the care of the aged.

9. Provide \$2 million for cancer research and treatment.

10. Continue to pay to general hospitals the special additional grant of \$1½ million towards the cost of indigent care.

11. Provide assistance to organized out-patient departments of general hospitals. This assistance will amount to approximately \$168,000 annually.

12. Bear the extra cost of caring for infant indigents.

13. Pay maintenance grants to isolation hospitals and to isolation units in general hospitals; for this purpose \$100,000 is provided in the Estimates.

14. Provide assistance for public hospitals in 1951-52 amounting to about \$10¾ million. This is a ten-fold increase since 1945.

15. Provide \$1.5 million for various housing programs.

CONCLUSION

While it is true that a Budget Address is, of necessity, expressed in language usually associated with financial transactions, I have tried today to portray the efforts and the accomplishments of the closing fiscal year in terms of human values. No one could be more aware than I of the fact that the claims of humanity transcend every consideration of finance.

The aim of all our efforts has been to deal reasonably and justly with the problems of all our people. In discharging our responsibility as a government we have striven to ensure equality of opportunity to each and every one of the citizens of the Province. Whenever our citizens through unforeseen circumstances have been denied the opportunities which abound in this good land, the Government, within the limits of its resources and its constitutional powers, has done its utmost to ameliorate their condition. This is in keeping with what we are happy to call our "Canadian Way of Life". It is a good way—no country on this earth offers a better way. For we have advanced further in finding a solution of the economic and social problems of our citizens than has been the case in any other country—anywhere.

We have come a long way in developing our civilization. We have maintained justice and preserved freedom, without which there can be no civilization.

Today we re-dedicate ourselves to the task of preserving our "Canadian Way of Life". To the attainment of our goal we pledge our unremitting endeavours.

APPENDIX I

CONTENTS

PAGE

1—Proposed Tax Rental Agreements, December, 1950.....	36-37
2—Rental Payment Compared with Alternative Sources of Revenue.....	37
3—Ontario Municipal Improvement Corporation.....	38
4—Population.....	39
5—Immigration.....	39
6—Housing.....	40
7—Salaries, Wages and Supplementary Labour Income.....	41
8—Net Income of Agriculture and Other Unincorporated Business.....	41
9—Private and Public Capital Investment.....	42
10—Provincial-Municipal Capital Investment in Ontario.....	43
11—Province of Ontario's Assistance to Municipalities in the Fiscal Years ended March 31, 1951 and 1952.....	44

TAX RENTAL AGREEMENTS PROPOSED AT THE FEDERAL-PROVINCIAL CONFERENCE, DECEMBER, 1950

At the Conference of the Federal and Provincial Governments in December, 1950, the Federal Government proposed a continuation of tax rental agreements for a further period of five years from April 1, 1952 to March 31, 1957 along lines basically the same as in the present agreements. The new offer consists of an upward adjustment in the guaranteed minimum payments, a new option, and two modifications in the method of calculating the annual rental payment. The Federal Government was not prepared to make any sizable increase in the amount of the payments. It considered, however, that some recognition should be given to the higher level of dollar expenditures by an upward adjustment in the guaranteed minimum payments. Thus, under the proposed new agreements, the guaranteed minimum payments are adjusted upwards in accordance with the increase in provincial populations and the gross national product per capita between 1942, the present base year, and 1948, which will be the new base year. This revision provides a considerable increase in the guaranteed minimum payments, but it will not affect the current level of adjusted payments unless there is a substantial fall in the gross national product.

The new option is based upon tax rates applicable to personal income and corporate income in the province in 1948, and it has the same escalator provisions as the other tax rentals. This option is beneficial only to Ontario and raises its minimum payment to \$101.8 million, an increase of approximately \$2 million or 2 per cent over the guaranteed amount that would otherwise be payable.

Two modifications are made by the Federal Government in the method employed in calculating the adjusted rental payments. The first and perhaps more important is the shift in the escalator clause from a three-year to a two-year average of the relevant factors. The effect of this change when the gross national product is rising rapidly is to provide slightly higher rental payments. The other modification is the replacement of gross national product at market prices by the concept of gross national product at factor cost, which is the former after excluding the amount derived from indirect taxation.

The combined effect of these modifications is to raise the adjusted payments slightly. The estimated aggregate of the adjusted payments to all provinces in the fiscal year 1952-53, the first year of the new agreements, would be \$362.4 million as compared with \$348.1 million if the present agreements were extended without change. The adjusted payment to Ontario in the same fiscal year would be \$117.4 million, as compared with \$111.0 million under the terms of the 1947 tax proposals.

TAX RENTAL AGREEMENTS, PROPOSED AT THE FEDERAL-PROVINCIAL
CONFERENCE, DECEMBER, 1950

Province	Guaranteed Minimum Payments		Estimated Adjusted Payments Fiscal Year 1952-53	
	Amount \$000	Per Capita on 1950 Population \$	Amount (1) \$000	Per Capita on 1950 Population \$
Newfoundland.....	9,151	25.78	10,432	29.39
Prince Edward Island.....	2,911	30.32	3,280	34.17
Nova Scotia.....	15,666	23.81	17,749	26.97
New Brunswick.....	12,758	24.44	14,502	27.78
Quebec.....	84,598	21.28	97,139	24.43
Ontario.....	101,801	22.56	117,371	26.01
Manitoba.....	18,855	23.72	21,557	27.12
Saskatchewan.....	19,831	22.69	22,039	25.22
Alberta.....	20,243	22.62	23,360	26.10
British Columbia.....	30,229	26.56	34,981	30.74
All Provinces.....	316,043	22.87	362,410	26.22

(1) These calculations are based on a Gross National Product of \$17.5 billion in 1950 and \$18.0 billion in 1951.

FEDERAL GOVERNMENT'S PROPOSED PAYMENT TO THE ONTARIO GOVERN-
MENT UNDER FEDERAL-PROVINCIAL TAX AGREEMENT COMPARED
WITH REVENUE FROM TAX AND OTHER SOURCES RETAINED
BY THE PROVINCE FOR FISCAL YEARS 1947-48 TO 1950-51

	1947-48	1948-49	1949-50	1950-51	Total
	(Thousands of dollars)				
Proposed Federal Rental Payment:					
Adjusted in accordance with population and latest estimates of gross national product per capita.....	76,130	79,988	88,141	96,940	341,199
Ontario Government's Revenue from Tax and Other Sources Retained:					
Statutory Subsidy.....	3,155	3,155	3,155	3,155	12,620
Personal Income Tax.....			(Not collected)		
Corporations Tax.....	44,664	60,712	64,154	71,500	241,030
Succession Duties.....	17,945	15,995	14,978	15,500	64,418
Amount received in mining royalty in excess of what could have been collected under the Federal proposal without raising the level of taxation.....	1,400	1,400	1,400	1,400	5,600
	67,164	81,262	83,687	91,555	323,668
Personal income tax at 5% of Federal tax and deductible therefrom which can be imposed by Ontario without increasing the tax payable by the taxpayer.....	13,993	14,691	13,000	13,500	55,184
	81,157	95,953	96,687	105,055	378,852
Value of Tax and Other Sources Retained Over and Above the Proposed Rental Payment..	5,027	15,965	8,546	8,115	37,653

THE ONTARIO MUNICIPAL IMPROVEMENT CORPORATION

The Ontario Municipal Improvement Corporation came into being on March 24, 1950 under legislation passed last year. Its purpose has been to purchase from Ontario municipalities debentures issued by them for undertakings such as waterworks, sewage works, plants for the incineration of garbage and drainage works. The affairs of the Corporation are conducted by three directors who, subject to the approval of the Lieutenant-Governor-in-Council, are empowered to borrow money up to an aggregate of \$50 million by issuing debentures of the Corporation, treasury bills or through the medium of temporary loans.

Up to February 6, 1951, the Corporation had purchased municipal debentures to a total of \$914,050 in connection with water and sewage works. The Corporation has not issued any debentures of its own.

DEBENTURES PURCHASED BY THE ONTARIO MUNICIPAL IMPROVEMENT CORPORATION

Municipality	Total Interest Rate	1-5 years 3%	Maturity 6-10 years 3½%	11-15 years 3½%	16-20 years 3¾%
Atikokan.....	\$182,500.00	\$ 43,000.00	\$ 53,000.00	\$64,000.00	\$22,500.00
Delhi.....	50,000.00	50,000.00	.....	.....	.....
Dryden.....	20,000.00	5,700.00	6,600.00	7,700.00	.....
McKim.....	112,000.00	51,800.00	60,200.00	.....	.....
Sioux Lookout.....	37,500.00	7,500.00	10,000.00	10,000.00	10,000.00
Widdifield.....	12,050.00	3,550.00	4,000.00	4,500.00	.....
Windsor (1).....	500,000.00	500,000.00	.....	.....	.....
TOTAL.....	\$914,050.00	\$661,550.00	\$133,800.00	\$86,200.00	\$32,500.00

(1) An application has been approved by the Ontario Municipal Board for the sale of a further \$1,500,000 of debentures.

APPLICATIONS FOR PURCHASES OF DEBENTURES NOW UNDER CONSIDERATION

Municipality	Amount
Town of Bala.....	\$ 140,000.00
Inter-Urban Area of Burlington-Nelson.....	327,000.00
Township of Chapleau.....	250,000.00
Township of North York.....	1,530,000.00
Township of Sandwich East.....	155,274.00
Township of Scarborough.....	330,000.00
Village of South River.....	120,000.00
TOTAL.....	\$2,852,274.00

POPULATION, ONTARIO AND CANADA [1]

Year (June 1)	Ontario	Canada	Ontario's Population As a Percentage of Canada's
1939	3,708,000	11,267,000	32.9
1946	4,101,000	12,307,000	33.3
1947	4,189,000	12,582,000	33.3
1948	4,297,000	12,883,000	33.4
1949	4,411,000	13,549,000	32.6
1950	4,512,000	13,845,000	32.6
1951	4,612,000	14,100,000	32.7

(1) Figures are estimated. Beginning with 1949 an estimate of the population of Newfoundland is included in the Canadian total. Estimates for the years 1946 to 1951 are subject to revision after the 1951 census figures are available.

IMMIGRANT ARRIVALS, ONTARIO AND CANADA [1]

The cessation of hostilities in 1945 was followed by a revival of immigration to Canada. A peak level was reached in 1948 for both Canada and Ontario when over 125,000 immigrants entered the country and of these some 62,000 settled in Ontario. During the post-war period 1946-1950, Ontario received an average of 50 per cent of the total number of immigrants entering Canada.

Since 1948, immigration has fallen off and the decline has been reflected in the number entering Ontario.

Calendar Year	Canada			Total	Immigrants Giving Ontario as Their Destination	Ontario % Canada
	Immigration U.K.	U.S.	Arrivals From Other Countries			
1939	3,098	5,654	8,242	16,994	5,957	35.1
1946	50,984	11,474	9,261	71,719	29,604	41.3
1947	35,957	9,444	18,726	64,127	35,543	55.4
1948	43,724	7,393	74,297	125,414	61,621	49.1
1949	22,201	7,744	65,272	95,217	48,607	51.0
1950	13,427	7,799	52,686	73,912	39,041	52.8

(1) Immigration 1939-1947, Canada Year Book, 1950, p. 186; 1948-1950, Statements issued by the Department of Citizenship and Immigration, Ottawa.

HOUSING STARTS, COMPLETIONS AND CARRY-OVER IN ONTARIO [1]

Since 1945, the volume of new residential construction in Ontario has more than doubled. The completion of new housing, including conversions, has jumped from 15,100 units in 1945 to 32,496 units in 1950.

Year		Starts	Completions			Carry-Over
			New Units	Conversions	Total	
1945	Total.....	N.A.	13,100	2,000	15,100	N.A.
1946	Total.....	N.A.	19,600	1,700	21,300	12,706
1947	Total.....	N.A.	22,500	2,200	24,700	17,243
1948	Total.....	29,976	26,391	2,273	28,664	21,112
	Urban.....	21,547	18,207			16,382
	Rural.....	8,429	8,184			4,730
1949	Total.....	34,023	31,440	1,264	32,704	23,585
	Urban.....	23,107	23,144			16,270
	Rural.....	10,916	8,296			7,315
1950	Total.....	33,430	31,318	1,178	32,496	24,331
Total 1945 to 1950 inclusive.....					<u>154,964</u>	

(1) Data of the number of dwelling units completed in Canada during 1945, 1946 and 1947 are based on returns received by the Dominion Bureau of Statistics from 623 municipalities out of a total of 3,845. These 623 municipalities had approximately 66 per cent of the total population of incorporated municipalities. The number of dwelling units completed as reported in these returns is increased by an estimate of the probable completions in municipalities from which returns were not received. The Dominion Bureau of Statistics only provides figures by provinces in these years of the actual completions reported. As this method leads to an obvious understatement of the completions in the provinces, the number of completions in Ontario for the years 1945 to 1947 has been increased above the actual number reported by the same ratio as the estimates for Canada have been increased above the actual number reported. Completions of dwelling units in Ontario during the years 1948 to 1950 have been estimated by the Dominion Bureau of Statistics from the results of a nation-wide survey carried out each month by the Bureau with the co-operation of Central Mortgage and Housing Corporation.

SALARIES, WAGES AND SUPPLEMENTARY LABOUR INCOME [1]

The level of salaries, wages and supplementary labour income set new records in 1950. Preliminary indications are that salaries and wages in Ontario rose to more than \$3.4 billion, an increase of over 6 per cent over 1949.

On a per capita basis, salaries and wages in Ontario have been on a higher level than for Canada in general. In 1950, estimated salaries and wages amounted to \$761 for every man, woman and child in the Province compared with \$599 for Canada.

Year	Ontario		Canada (2)		Ontario as % Canada
	Amount (millions \$)	Per Capita \$	Amount (millions \$)	Per Capita \$	
1939.....	1,087	294	2,583	229	42.1
1946.....	2,177	531	5,322	433	40.9
1947.....	2,591	617	6,212	493	41.7
1948.....	2,997	697	7,139	553	42.0
1949.....	3,249	738	7,800	578	41.7
1950.....	3,434 (3)	761	8,300	599	41.4

(1) Dominion Bureau of Statistics, National Accounts, Income and Expenditure, 1941-1948, 1942-1949 and 1950 (preliminary).

(2) Includes Newfoundland for the years 1949 and 1950.

(3) Estimated figure based upon 1949 ratios (excluding Newfoundland).

NET INCOME OF AGRICULTURE AND OTHER
UNINCORPORATED BUSINESS

Net income of agriculture and other unincorporated business in Ontario registered an increase in 1950 over the previous year of approximately \$15 million while it showed a decline of \$12 million for Canada as a whole.

Final figures will probably show Ontario's net farm income in 1950 to be practically the same as in 1949. The value of the 1950 tobacco crop dropped by nearly \$7 million compared with that of a year ago, and the value of dairy production in 1950 is also expected to be below that of the previous year. The hay and clover crop in 1950, however, was valued at over \$116 million or \$13 million above the 1949 crop and this has served to offset declines experienced in other agricultural crops.

Net income of other unincorporated business in Ontario probably rose by at least the same percentage as for Canada, or 6 per cent, thereby accounting for the rise in Ontario's total net farm income and other unincorporated business to \$920 million compared with \$905 million in 1949. In 1950 Ontario received something like 32 per cent of the total Canadian net income derived from agriculture and other unincorporated business.

NET INCOME OF AGRICULTURE AND OTHER
UNINCORPORATED BUSINESS (1)

Year	Ontario	Canada (2)	Ontario as % Canada
	Amount (millions of dollars)	Amount (millions of dollars)	
1939.....	297	891	33.3
1946.....	709	2,170	32.7
1947.....	777	2,322	33.5
1948.....	896	2,874	31.2
1949.....	905	2,887	31.3
1950.....	920 (3)	2,875	32.0

(1) Dominion Bureau of Statistics, National Accounts, Income and Expenditure, 1941-1948, 1942-1949 and 1950 (preliminary).

(2) Includes Newfoundland for the years 1949 and 1950.

(3) Estimated.

COMBINED PUBLIC AND PRIVATE CAPITAL INVESTMENT IN ONTARIO AND CANADA

Since 1945, combined public and private capital investment in Canada in industrial and commercial buildings, housing, machinery and equipment has increased by more than $3\frac{1}{2}$ times, from \$1.1 billion to \$3.8 billion. In Ontario it is estimated to have totalled nearly \$6 billion during the period 1945 to 1950.

CAPITAL INVESTMENT IN CANADA AS A PERCENTAGE OF GROSS NATIONAL PRODUCT 1945-1950 ⁽¹⁾

(Millions of Dollars)

Year	Canada	Ontario	Ontario % Canada	G.N.P.	Capital Investment Canada as % G.N.P.
1945.....	1,148	1,960	37.5	11,810	9.7
1946.....	1,620			12,008	13.5
1947.....	2,456			13,657	18.0
1948.....	3,151	1,178	37.4	15,503	20.3
1949.....	3,491	1,297	37.2	16,382	21.3
1950.....	3,791	1,420	37.5	17,791	21.3

Increases in private and public investment are forecast for 1951 for both Canada and Ontario. The anticipated investment in Canada is \$4,328 million, of which Ontario's share is expected to be 39.6 per cent or \$1,715 million.

The following table shows a breakdown of capital investment by industry in Ontario for the years 1949, 1950 and the outlook for 1951.

CAPITAL INVESTMENT IN ONTARIO, BY INDUSTRY ⁽²⁾

Industry	1949	1950	1951
	(millions of dollars)		
Primary Industry and Construction Industry.....	172.9	204.2	202.2
Manufacturing.....	240.2	239.3	404.7
Utilities.....	279.9	307.4	382.4
Trade, Finance and Commercial Services.....	139.1	154.8	152.5
Residential Housing.....	291.4	311.4	306.0
Institutional Services and Direct Government.....	173.7	202.9	267.5
GRAND TOTAL.....	1,297.2	1,420.0	1,715.3

(1) Private and Public Investment in Canada, Outlook 1951, Department of Trade and Commerce, p. 9.

(2) Private and Public Investment in Canada, Outlook, 1951, p. 23.

ESTIMATE OF PROVINCIAL-MUNICIPAL CAPITAL INVESTMENT IN ONTARIO

Does not include expenditures or grants for repairs and maintenance

(In thousands of dollars)

1. Direct Capital Expenditures of the Government of Ontario	1950-51 ⁽¹⁾
Highways.....	41,050
Public Works.....	9,500
Hydro-Rural Power Extensions.....	6,400
Resource Development ⁽²⁾	12,500
Education ⁽³⁾	620
Health Grants.....	2,300
Grants for Community Halls.....	425
Miscellaneous.....	1,140
Sub-Total.....	73,935
 2. Provincial Commission, etc.	
Hydro-Electric Power Commission of Ontario.....	161,000
Ontario Northland Railway.....	3,444
University of Toronto.....	1,772
Niagara Parks Commission.....	440
Sub-Total.....	166,656
 3. Municipalities ⁽⁴⁾	
Schools.....	36,000
Water.....	8,700
Hospitals.....	5,300
Sewers.....	13,800
Pavement, Sidewalks, Bridges, Road Machinery.....	9,000
Transportation Systems.....	15,000
Local Improvements.....	3,800
Capital Expenditures out of Revenue.....	4,300
Other.....	15,000
Sub-Total.....	110,900
Total of Items 1 to 3 (Less Rural Power Bonus).....	345,091

⁽¹⁾ Capital expenditures of Ontario Government departments, Hydro, Niagara Parks Commission and University of Toronto are for the fiscal year 1950-51 and all others are for the calendar year 1950.

⁽²⁾ Includes the resource development expenditures of the Departments of Lands and Forests, Mines and Planning and Development.

⁽³⁾ Includes expenditures of Department of Education on Normal Schools, Schools for the Blind, etc., and grant for capital purposes to Vocational Schools (\$470,000).

⁽⁴⁾ Municipal expenditures, with the exception of that shown for schools, transportation systems and capital expenditures out of revenue, are 1949 debenture approvals of capital undertakings.

PROVINCE OF ONTARIO

ESTIMATED ASSISTANCE TO MUNICIPALITIES IN THE FISCAL YEARS
ENDING MARCH 31, 1951 AND 1952

(Thousands of dollars)

	1951	1952
Grants for Education.....	43,720	48,155
Grants for Hospitals.....	10,532	10,663
Grants for Health Units, School Medical Inspection and School Dental Services.....	543	538
Grants for Roads.....	23,500	27,500
Grants for The Police Act, etc.....	1,690	2,035
Grants for The Fire Departments Act.....	1,600	2,000
Grants for Day Nurseries.....	175	175
Grants for Children's Aid.....	1,074	1,176
Grants for Homes for the Aged.....	1,190	1,775
Grants for Unemployment Relief.....	2,700	3,000
Grants for Housing.....	206	388
Grants for The Community Centres Act.....	425	400
Grants for Conservation, Drainage Aid and Flood Control.....	1,301	1,825
Railway Tax Distribution.....	220	224
Grants—Miscellaneous.....	810	974
TOTAL.....	<u>89,686</u>	<u>100,828</u>

APPENDIX II

CONTENTS

	PAGE
1—Province of Ontario Savings Office, Balance Sheet, March 31, 1950.....	46
2—Surplus on Ordinary Account before and after provision for Sinking Funds, 1939 to 1951.	46
3—Surpluses and Deficits, 1867 to 1951.....	47
4—Gross and Net Debt, 1914 to 1950.....	48-49
5—Provincial Debt, March 31, 1950, showing investment thereof.....	50
6—Gross Provincial Debt, March 31, 1950.....	51
7—Net Provincial Debt, March 31, 1950.....	52
8—Chart of Province of Ontario's Cumulative Investment in Physical Assets.....	53
9—Chart of Province of Ontario's Net and Per Capita Debt.....	54

STATEMENT No. 1

PROVINCE OF ONTARIO SAVINGS OFFICE

BALANCE SHEET

As at March 31, 1950

ASSETS

Funds on deposit with Provincial Treasurer.....	\$ 65,279,493 10
Savings Offices—	
Cash on Hand and in Banks.....	\$ 1,258,922 55
Accounts Receivable.....	735 90
Office Furniture, Equipment and Alterations to Premises....	2,261 82
	<u>1,261,920 27</u>
	<u>\$ 66,541,413 37</u>

LIABILITIES

Savings Balances due to the Public with accrued interest to March 31, 1950....	\$ 66,248,130 27
Reserve.....	293,283 10
	<u>\$ 66,541,413 37</u>

STATEMENT No. 2

STATEMENT OF SURPLUS OR DEFICIT* ON ORDINARY ACCOUNT
BEFORE AND AFTER PROVISION FOR SINKING FUNDS

FOR FISCAL YEARS ENDED MARCH 31, 1939 TO 1951

Fiscal Year ended March 31	Net Ordinary Revenue	Net Ordinary Expenditure before pro- vision for Sinking Funds	Surplus or Deficit* before pro- vision for Sinking Funds	Provision for Sinking Funds	Surplus or Deficit* on Ordinary Account
	\$	\$	\$	\$	\$
1939.....	86,843,270.67	85,528,119.98	1,315,150.69	992,655.27	322,495.42
1940.....	88,172,951.62	90,368,392.54	2,195,440.92*	1,038,655.27	3,234,096.19*
1941.....	103,802,020.46	88,780,934.05	15,021,086.41	1,086,655.27	13,934,431.14
1942.....	111,496,169.77	95,208,015.77	16,288,154.00	1,129,000.00	15,159,154.00
1943.....	108,214,063.15	91,083,245.06	17,130,818.09	1,181,000.00	15,949,818.09
1944.....	118,096,683.51	101,210,714.54	16,885,968.97	5,570,000.00	11,315,968.97
1945.....	117,124,346.77	110,956,976.56	6,167,370.21	5,292,000.00	875,370.21
1946.....	128,368,864.36	121,450,964.37	6,917,899.99	5,352,000.00	1,565,899.99
1947.....	142,875,758.56	135,506,854.06	7,368,904.50	5,422,655.27	1,946,249.23
1948.....	191,698,952.37	160,589,199.53	31,109,752.84	5,481,000.00	25,628,752.84
1949.....	215,469,613.61	190,706,361.37	24,763,252.24	15,550,000.00	9,213,252.24
1950.....	228,550,022.27	199,271,373.67	29,278,648.60	20,622,000.00	8,656,648.60
1951 (1).....	251,372,000.00	228,398,000.00	22,974,000.00	21,698,000.00	1,276,000.00

(1) Interim Figures.

STATEMENT No. 3

STATEMENT SHOWING SURPLUS OR DEFICIT
FOR THE PERIOD FROM JULY 1ST, 1867, TO MARCH 31ST, 1951

		Ordinary Revenue *	Ordinary Expenditure *	Surplus	Deficit
July 1st, 1867, to December 31st, 1867.....		\$ 182,899.63	\$ 56,669.97	\$ 126,229.66	
Fiscal Year ended December 31st, 1868.....		2,250,207.74	1,179,269.17	1,070,938.57	
" " " " " " 1869.....		2,625,179.29	1,445,751.73	1,179,427.56	
" " " " " " 1870.....		2,500,695.70	1,578,976.65	921,719.05	
" " " " " " 1871.....		2,333,179.62	1,816,784.11	516,395.51	
" " " " " " 1872.....		3,060,747.97	2,217,555.07	843,192.90	
" " " " " " 1873.....		2,961,515.31	2,940,803.45	20,711.86	
" " " " " " 1874.....		3,446,347.93	3,870,704.14		\$ 424,356.21
" " " " " " 1875.....		3,156,605.81	3,604,524.42		447,918.61
" " " " " " 1876.....		2,589,222.83	3,139,505.66		550,282.83
" " " " " " 1877.....		2,502,566.04	3,119,117.73		616,551.69
" " " " " " 1878.....		2,285,178.07	2,902,388.37		617,210.30
" " " " " " 1879.....		2,287,951.39	2,941,714.27		653,762.88
" " " " " " 1880.....		2,584,169.76	2,518,186.80	65,982.96	
" " " " " " 1881.....		2,788,746.78	2,579,802.28	208,944.50	
" " " " " " 1882.....		2,880,450.40	2,918,826.95		38,376.55
" " " " " " 1883.....		2,439,941.42	2,887,037.73		447,096.31
" " " " " " 1884.....		2,820,555.45	3,207,889.67		387,334.22
" " " " " " 1885.....		3,005,920.71	3,040,139.07		34,218.36
" " " " " " 1886.....		3,148,660.01	3,181,449.69		32,789.68
" " " " " " 1887.....		3,527,577.95	3,454,372.43	73,205.52	
" " " " " " 1888.....		3,603,262.14	3,545,234.85	58,027.29	
" " " " " " 1889.....		3,538,405.08	3,653,356.37		114,951.29
" " " " " " 1890.....		3,423,154.99	3,896,324.38		473,169.39
" " " " " " 1891.....		4,138,589.09	4,158,459.55		19,870.46
" " " " " " 1892.....		4,662,921.57	4,068,257.39	594,664.18	
" " " " " " 1893.....		4,091,914.01	3,907,145.32	184,768.69	
" " " " " " 1894.....		3,453,162.69	3,839,338.75		386,176.06
" " " " " " 1895.....		3,585,300.10	3,758,595.44		173,295.34
" " " " " " 1896.....		3,490,671.45	3,703,379.73		212,708.28
" " " " " " 1897.....		4,139,847.68	3,767,675.70	372,171.98	
" " " " " " 1898.....		3,647,353.09	3,803,081.38		155,728.29
" " " " " " 1899.....		4,096,494.96	3,710,420.82	386,074.14	
" " " " " " 1900.....		4,192,940.18	4,003,729.37	189,210.81	
" " " " " " 1901.....		4,466,043.92	4,038,834.49	427,209.43	
" " " " " " 1902.....		4,291,082.91	4,345,003.58		53,920.67
" " " " " " 1903.....		5,466,653.13	4,888,982.57	577,670.56	
" " " " " " 1904.....		6,128,358.57	5,267,453.02	860,905.55	
" " " " " " 1905.....		6,016,176.42	5,396,016.74	620,159.68	
" " " " " " 1906.....		7,149,478.39	6,720,179.07	429,299.32	
" " " " " " 1907.....		8,320,419.19	7,714,245.61	606,173.58	
" " " " " " 1908.....		8,602,902.96	8,557,064.60	45,838.36	
Ten months ended October 31st, 1909.....		7,477,920.94	7,545,040.47		67,119.53
Fiscal Year ended October 31st, 1910.....		8,891,004.68	8,887,520.09		
" " " " " " 1911.....		9,370,833.90	9,619,934.03	3,484.59	
" " " " " " 1912.....		10,042,000.68	10,287,991.59		249,100.13
" " " " " " 1913.....		11,188,302.09	10,868,026.28	320,275.81	245,990.91
" " " " " " 1914.....		11,121,382.07	11,819,310.65		697,928.58
" " " " " " 1915.....		12,975,732.19	12,704,362.16	271,370.03	
" " " " " " 1916.....		13,841,339.64	12,706,332.90	1,135,006.74	
" " " " " " 1917.....		18,269,597.23	16,518,222.64	1,751,374.59	
" " " " " " 1918.....		19,270,123.71	17,460,404.05	1,809,719.66	
" " " " " " 1919.....		19,904,772.04	21,464,574.88		1,559,802.84
" " " " " " 1920.....		25,078,094.62	25,880,842.45		802,747.83
" " " " " " 1921.....		29,261,477.39	28,579,687.98	681,789.41	
" " " " " " 1922.....		38,507,311.09	37,442,985.53	1,064,325.26	
" " " " " " 1923.....		26,166,213.39	41,361,439.92		15,195,226.53
" " " " " " 1924.....		30,569,015.92	39,037,780.43		8,468,764.51
" " " " " " 1925.....		35,852,404.28	40,959,769.27		5,107,364.99
" " " " " " 1926.....		40,984,958.63	41,797,098.94		812,140.31
" " " " " " 1927.....		46,607,638.88	46,248,415.49	359,223.39	
" " " " " " 1928.....		48,570,217.10	48,341,980.66	228,236.44	
" " " " " " 1929.....		54,012,679.53	51,369,785.85	2,642,893.68	
" " " " " " 1930.....		57,343,291.21	57,989,352.69		646,061.48
" " " " " " 1931.....		54,390,092.37	54,846,994.28		456,901.91
" " " " " " 1932.....		54,175,233.01	56,236,031.32		2,060,798.31
" " " " " " 1933.....		51,373,051.98	50,896,626.37	476,425.61	
" " " " " " 1934.....		50,067,841.37	80,667,091.15		30,599,249.78
" " " " " " 1935.....		21,048,944.06	31,489,616.34		10,440,672.28
" " " " " " 1936.....		65,726,984.57	79,069,690.31		13,342,705.74
" " " " " " 1937.....		80,488,439.95	71,174,501.41	9,313,938.54	
" " " " " " 1938.....		86,052,792.88	81,443,074.35	4,609,718.53	
" " " " " " 1939.....		86,843,270.67	86,520,775.25	322,495.42	
" " " " " " 1940.....		88,172,951.62	91,407,047.81		3,234,096.19
" " " " " " 1941.....		103,802,020.46	89,867,589.32	13,934,431.14	
" " " " " " 1942.....		111,496,169.77	96,337,015.77	15,159,154.00	
" " " " " " 1943.....		108,214,063.15	92,264,245.06	15,949,818.09	
" " " " " " 1944.....		118,096,683.51	106,780,714.54	11,315,968.97	
" " " " " " 1945.....		117,124,346.77	116,248,976.56	875,370.21	
" " " " " " 1946.....		128,368,864.36	126,802,964.37	1,565,899.99	
" " " " " " 1947.....		142,875,758.56	140,929,509.33	1,946,249.23	
" " " " " " 1948.....		191,698,952.37	166,070,199.53	25,628,752.84	
" " " " " " 1949.....		215,469,613.61	206,256,361.37	9,213,252.24	
" " " " " " 1950.....		228,550,022.27	219,893,373.67	8,656,648.60	
" " " " " " 1951**.....		251,372,000.00	250,096,000.00	1,276,000.00	

*NOTE—Revenue and Expenditure figures for the years 1867 to 1907 inclusive comprise both ordinary and capital revenue and expenditure. Revenue and Expenditure from 1923 to 1950 inclusive shown as net surplus after applying certain revenues as a reduction of expenditure.

**Interim figures only.

STATEMENT No. 4

Fiscal Year	PROVINCE				
	STATEMENT OF GROSS				
	1914—				
	GROSS DEBT		REALIZABLE AND INCOME		
	Total	Yearly Increase or Decrease*	Hydro	O.N.T.C.	Loans, Cash and Accts. Receivable
	\$	\$	\$	\$	\$
1914.....	41,716,000	.....	10,110,000	20,246,000	5,066,000
1915.....	50,275,000	8,559,000	12,316,000	20,483,000	8,007,000
1916.....	59,336,000	9,061,000	21,939,000	21,184,000	7,684,000
1917.....	61,825,000	2,489,000	27,489,000	21,594,000	5,805,000
1918.....	75,309,000	13,484,000	36,244,000	21,823,000	9,477,000
1919.....	97,032,000	21,723,000	47,700,000	22,335,000	13,882,000
1920.....	127,262,000	30,230,000	65,717,000	22,681,000	16,009,000
1921.....	202,446,000	75,184,000	102,946,000	23,599,000	31,292,000
1922.....	233,189,000	30,743,000	116,786,000	25,654,000	30,704,000
1923.....	291,025,000	57,836,000	124,360,000	28,075,000	37,612,000
1924.....	329,508,000	38,483,000	135,045,000	30,208,000	45,262,000
1925.....	332,391,000	2,883,000	141,717,000	30,208,000	27,885,000
1926.....	349,116,000	16,725,000	142,473,000	30,208,000	31,899,000
1927.....	368,920,000	19,804,000	147,120,000	30,208,000	33,813,000
1928.....	394,114,000	25,194,000	152,936,000	30,208,000	37,176,000
1929.....	426,914,000	32,800,000	164,522,000	30,208,000	44,007,000
1930.....	473,372,000	46,458,000	176,799,000	30,208,000	53,587,000
1931.....	520,667,000	47,295,000	188,377,000	30,208,000	58,055,000
1932.....	574,419,000	53,752,000	189,635,000	30,208,000	76,902,000
1933.....	594,128,000	19,709,000	187,965,000	30,208,000	76,514,000
1934.....	655,761,000	61,633,000	187,829,000	37,208,000	72,247,000
1935***.....	674,386,000	18,625,000	187,878,000	37,208,000	70,885,000
1936.....	689,559,000	15,173,000	172,735,000	36,408,000	74,377,000
1937.....	656,460,000	33,099,000*	151,573,000	30,208,000	69,243,000
1938.....	678,075,000	21,615,000	149,621,000	30,208,000	59,952,000
1939.....	712,767,000	34,692,000	147,841,000	30,208,000	56,450,000
1940.....	737,078,000	24,311,000	145,319,000	30,208,000	54,348,000
1941.....	729,648,000	7,430,000*	137,600,000	30,208,000	55,640,000
1942.....	724,771,000	4,877,000*	135,904,000	30,208,000	51,531,000
1943.....	704,864,000	19,907,000*	121,684,000	30,208,000	57,531,000
1944.....	666,528,000	38,336,000*	105,150,000	30,208,000	48,676,000
1945.....	646,484,000	20,044,000*	95,475,000	30,208,000	40,492,000
1946.....	639,315,000	7,169,000*	93,946,000	30,208,000	36,742,000
1947.....	645,221,000	5,906,000	89,513,000	30,208,000	32,414,000
1948.....	628,388,000	16,833,000*	87,850,000	30,208,000	43,577,000
1949.....	628,663,000	275,000	71,868,000	30,208,000	42,912,000
1950.....	694,009,000	65,346,000	70,209,000	30,208,000	84,773,000

***Five months ended March 31st.

**The populations are shown in the years between the decennial censuses and in accordance with estimates of the Dominion Bureau of Statistics.

NOTE—Actual figures to nearest \$1,000.

STATEMENT No. 4

OF ONTARIO

AND NET DEBT

1950

PRODUCING ASSETS

NET DEBT

Total	Yearly Increase or Decrease*	Total	Yearly Increase or Decrease*	Year	Population **	Per Capita Net Debt
\$	\$	\$	\$			\$
35,422,000	.....	6,294,000	.....	1914 Est.	2,705,000	2.33
40,806,000	5,384,000	9,469,000	3,175,000	1915 "	2,724,000	3.48
50,807,000	10,001,000	8,529,000	940,000*	1916 "	2,713,000	3.14
54,888,000	4,081,000	6,937,000	1,592,000*	1917 "	2,724,000	2.55
67,544,000	12,656,000	7,765,000	828,000	1918 "	2,744,000	2.83
83,917,000	16,373,000	13,115,000	5,350,000	1919 "	2,789,000	4.70
104,407,000	20,490,000	22,855,000	9,740,000	1920 "	2,863,000	7.98
157,837,000	53,430,000	44,609,000	21,754,000	1921 Cen.	2,934,000	15.20
173,144,000	15,307,000	60,045,000	15,436,000	1922 Est.	2,980,000	20.15
190,047,000	16,903,000	100,978,000	40,933,000	1923 "	3,013,000	33.51
210,515,000	20,468,000	118,993,000	18,015,000	1924 "	3,059,000	38.90
199,810,000	10,705,000*	132,581,000	13,588,000	1925 "	3,111,000	42.62
204,580,000	4,770,000	144,536,000	11,955,000	1926 "	3,164,000	45.68
211,141,000	6,561,000	157,779,000	13,243,000	1927 "	3,219,000	49.01
220,320,000	9,179,000	173,794,000	16,015,000	1928 "	3,278,000	53.02
238,737,000	18,417,000	188,177,000	14,383,000	1929 "	3,334,000	56.44
260,594,000	21,857,000	212,778,000	24,601,000	1930 "	3,386,000	62.84
276,640,000	16,046,000	244,027,000	31,249,000	1931 Cen.	3,432,000	71.10
296,745,000	20,105,000	277,674,000	33,647,000	1932 Est.	3,473,000	79.95
294,687,000	2,058,000*	299,441,000	21,767,000	1933 "	3,512,000	85.26
297,284,000	2,597,000	358,477,000	59,036,000	1934 "	3,544,000	101.15
295,971,000	1,313,000*	378,415,000	19,938,000	1934 "	3,544,000	106.78
283,520,000	12,451,000*	406,039,000	27,624,000	1935 "	3,575,000	113.58
251,024,000	32,496,000*	405,436,000	603,000*	1936 "	3,606,000	112.43
239,781,000	11,243,000*	438,294,000	32,858,000	1937 "	3,637,000	120.51
234,499,000	5,282,000*	478,268,000	39,974,000	1938 "	3,672,000	130.25
229,875,000	4,624,000*	507,203,000	28,935,000	1939 "	3,708,000	136.79
223,448,000	6,427,000*	506,200,000	1,003,000*	1940 "	3,747,000	135.09
217,643,000	5,805,000*	507,128,000	928,000	1941 Cen.	3,788,000	133.88
209,423,000	8,220,000*	495,441,000	11,687,000*	1942 Est.	3,884,000	127.56
184,034,000	25,389,000*	482,494,000	12,947,000*	1943 "	3,917,000	123.18
166,175,000	17,859,000*	480,309,000	2,185,000*	1944 "	3,965,000	121.14
160,896,000	5,279,000*	478,419,000	1,890,000*	1945 "	4,004,000	119.49
152,134,000	8,762,000*	493,087,000	14,668,000	1946 "	4,101,000	120.24
161,635,000	9,501,000	466,753,000	26,334,000*	1947 "	4,189,000	111.43
144,988,000	16,647,000*	483,675,000	16,922,000	1948 "	4,297,000	112.57
185,190,000	40,202,000	508,819,000	25,144,000	1949 "	4,411,000	115.35

STATEMENT No. 5

PROVINCIAL DEBT

Statement Showing Investment Thereof as at March 31, 1950

FUNDED DEBT—

Stock and Debentures Outstanding.....	\$653,602,500 00
Less—Sinking Funds.....	69,152,000 00

\$584,450,500 00

Railway Aid Certificates.....	349 80
-------------------------------	--------

6% Bonds of the Sandwich, Windsor and Amherstburg Railway Company due July 1, 1961—Principal Liability assumed by the Province.....	900,000 00
---	------------

Total Funded Debt.....\$585,350,849 80

UNFUNDED DEBT—

Savings Office Deposits.....	\$ 66,248,130 27
------------------------------	------------------

Special Funds, etc.....	17,364,805 10
-------------------------	---------------

Housing Corporation Limited—Liabilities.....	15,013,851 85
--	---------------

98,626,787 22

ACCOUNTS PAYABLE AND ACCRUED INTEREST.....10,031,697 63

Gross Debt.....\$694,009,334 65

INVESTMENT THEREOF—

Revenue Producing and Realizable Assets—

Hydro-Electric Power Commission Advances.....	\$ 70,208,723 97
---	------------------

Ontario Northland Transportation Commission—

Advances.....	30,207,934 92
---------------	---------------

Housing Corporation Limited—Investments.....	15,176,144 88
--	---------------

Loans—Farm, Municipal, etc.....	17,011,960 18
---------------------------------	---------------

Accounts Receivable.....	9,818,657 23
--------------------------	--------------

Cash on Hand and in Banks.....	42,766,581 97
--------------------------------	---------------

\$185,190,003 15

Revenue Producing but not Realizable Assets—

Roads and Highways.....	\$470,325,198 62
-------------------------	------------------

Niagara Parks Commission (Surplus of Assets).....	1,907,248 49
---	--------------

Dominion of Canada—Debt Account.....	2,848,289 52
--------------------------------------	--------------

Dominion of Canada—Common School Fund.....	1,424,597 20
--	--------------

476,505,333 83

Total Revenue Producing Assets.....\$661,695,336 98

Non-Revenue Producing Assets—

Public Buildings, Public Works, etc.....	\$163,738,050 99
--	------------------

Equipment, Stores and Materials.....	4,073,161 43
--------------------------------------	--------------

Other Loans and Advances.....	1,080,442 01
-------------------------------	--------------

168,891,654 43

Other Assets—

Discount on Debentures, etc. (Less amount amortized).....	5,531,569 27
---	--------------

Total Assets.....\$836,118,560 68

SURPLUS AND RESERVES—represented in above Assets.....\$142,109,226 03

STATEMENT No. 6

GROSS PROVINCIAL DEBT

Statement Showing Increase

For Fiscal Year Ended March 31, 1950

	1949		1950		Increase 1950 over 1949
	\$	c.	\$	c.	\$ c.
Funded Debt.....	534,819,635	23	585,350,849	80	50,531,214 57
Unfunded Debt.....	84,594,428	17	98,626,787	22	14,032,359 05
Income Liabilities.....	9,248,796	80	10,031,697	63	782,900 83
GROSS DEBT.....	628,662,860	20	694,009,334	65	65,346,474 45

ACCOUNTING FOR INCREASE IN GROSS DEBT—

Capital Disbursements—

Disbursements on Highways, Public Buildings, Works, etc.....	\$ 54,480,454 02
Less Capital Receipts.....	801,346 90

\$ 53,679,107 12

Increase in Housing Corporation Limited—Investments....	10,896,832 20
Discount on Debentures, issued during year.....	1,212,500 00
Increase in Tile Drainage Loans (net).....	79,544 43
Increase in Co-operative Marketing Loans (net).....	72,455 00
Increase in Cash on hand and in banks.....	33,170,749 19
Increase in Income Liabilities.....	782,900 83

\$ 99,894,088 77

Deduct—

Provision Charged to Ordinary Expenditure—

Retirement of Railway Aid Certificates.....	\$ 3,785 43
Sinking Fund Instalments.....	20,622,000 00
Surplus on Ordinary Account (as per Statement No. 2)	8,656,648 60

\$ 29,282,434 03

515,418 46

Net Repayments on Loans Receivable—

Hydro-Electric Power Commission

of Ontario.....	\$ 1,658,948 91
Agricultural Development Board..	2,175,000 00
Miscellaneous (net).....	163,138 30

3,997,087 21

9,689 33

153,286 89

589,698 40

34,547,614 32

NET INCREASE..... \$ 65,346,474 45

STATEMENT No. 7

NET PROVINCIAL DEBT

Statement Showing Increase

For Fiscal Year Ended March 31, 1950

	1949		1950		Increase 1950 over 1949	
	\$	c.	\$	c.	\$	c.
Gross Debt.....	628,662,860	20	694,009,334	65	65,346,474	45
Revenue Producing and Realizable Assets....	144,987,705	14	185,190,003	15	40,202,298	01
NET DEBT.....	483,675,155	06	508,819,331	50	25,144,176	44

ACCOUNTING FOR INCREASE IN NET DEBT—

Capital Disbursements—

Disbursements on Highways, Public Buildings, Works, etc.....	\$ 54,480,454	02
Less Capital Receipts.....	801,346	90

\$ 53,679,107 12

Discount on Debentures, issued during year.....	1,212,500	00
---	-----------	----

Decrease in Accrued Interest on Agricultural Development

Board Debentures.....	172,696	56
-----------------------	---------	----

Increase in Income Liabilities.....	782,900	83
-------------------------------------	---------	----

\$ 55,847,204 51

Deduct—

Provision Charged to Ordinary Expenditure—

Retirement of Railway Aid Certificates.....	\$ 3,785	43
Sinking Fund Instalments.....	20,622,000	00
Surplus on Ordinary Account (as per Statement No. 2)	8,656,648	60

\$ 29,282,434 03

Discount on Debentures written off.....	515,418	46
---	---------	----

Increase in Income Accounts Receivable.....	115,224	99
---	---------	----

Decrease in Savings Office—Furniture and Fixtures and

Alterations to Premises.....	10,066	36
------------------------------	--------	----

Increase in Reserves (net).....	153,286	89
---------------------------------	---------	----

Transfer of Hospital Aid Fund to Surplus Account....	589,698	40
--	---------	----

Net Repayments in respect to Other Loans and Ad-

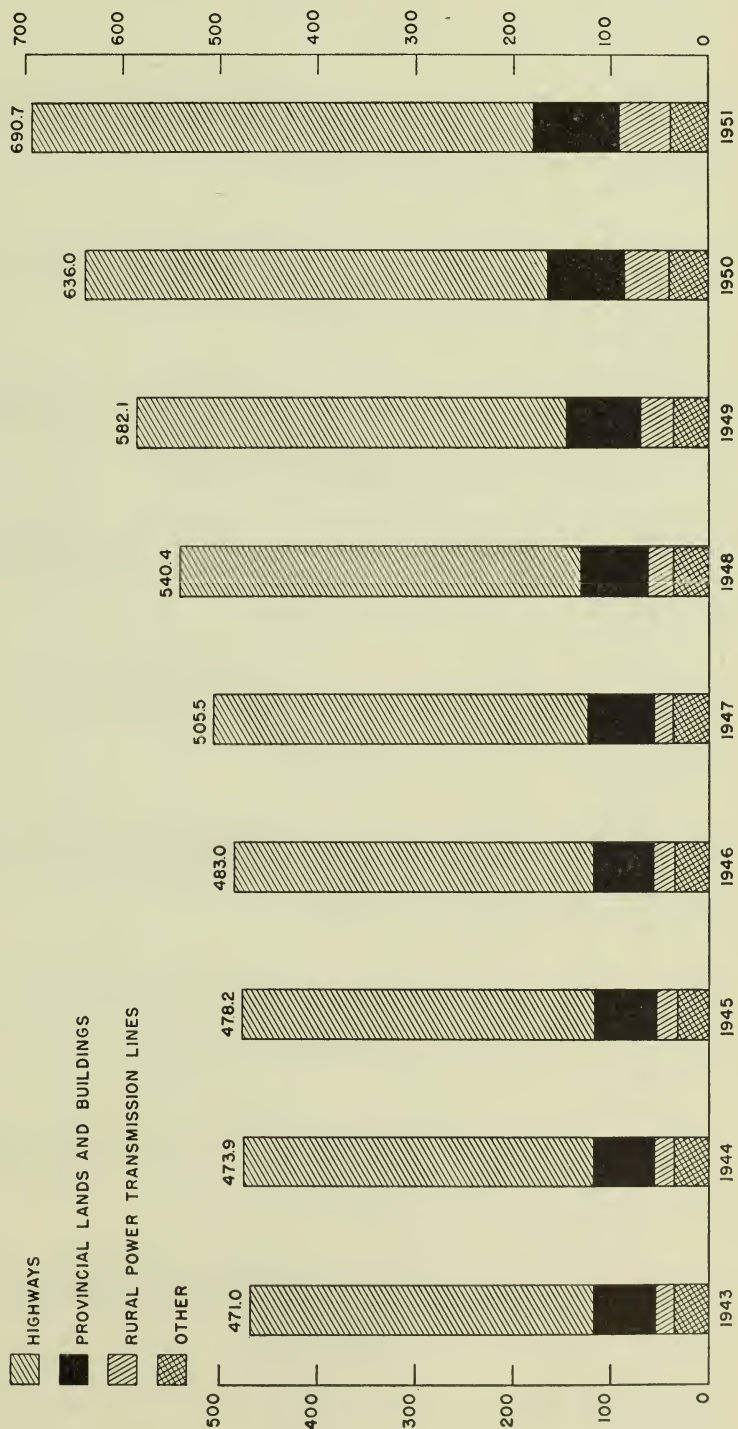
vances.....	31,411	99
-------------	--------	----

Miscellaneous Decreases.....	5,486	95
------------------------------	-------	----

30,703,028 07

NET INCREASE.....\$ 25,144,176 44

PROVINCE OF ONTARIO
 CUMULATIVE INVESTMENT IN PHYSICAL ASSETS
 FISCAL YEARS ENDED MARCH 31, 1943-1951
 MILLIONS OF DOLLARS



PROVINCE OF ONTARIO
NET DEBT
AND
PER CAPITA NET DEBT
MARCH 31, 1943 TO MARCH 31, 1951

